Daily Report
East Asia

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Officials Prepare for 1st ASEAN-EU Summit

Participants Discuss Agenda

BK0205122595 Hong Kong AFP in English 1129 GMT 2 May 95

[By Anil Penna]

[FBIS Transcribed Text] Singapore, May 2 (AFP)—Senior officials from ASEAN and the European Union (EU) gathered here Tuesday [2 May] to set the stage for an inaugural summit of Asian and European leaders that Thailand will host in March or April next year, officials said.

Informal talks were held ahead of a two-day meeting, starting Wednesday, at which the two sides will also discuss security issues and ways to boost political and economic ties between the regional groupings.

High on the agenda is a summit of Asian and European leaders proposed by Singapore Prime Minister Goh Chok Tong last year to boost relations, conference officials said.

A European diplomat said the heads of state and government from the two regions would meet in Bangkok "in March or April next year."

An ASEAN proposal to stage the summit has been accepted by the EU, he said, adding that the two groupings had exchanged concept papers on how the summit should be structured and what it should aim to achieve.

The Association of Southeast Asian Nations (ASEAN) will decide which Asian countries should be invited to the inaugural summit and the EU will handle invitations to European leaders, the diplomat said.

The forum will have no parallel with such existing groupings as the Asia-Pacific Economic Cooperation (APEC) forum.

"We are not expected to achieve a reduction of customs barriers or anything like that," the diplomat said, adding that the forum will serve initially to provide a "kind of networking at the head- of-state level."

Conference spokesman Ong Keng Yong told AFP that "the modalities and details" of the summit would be discussed by the senior officials at the meeting starting Wednesday.

ASEAN member states Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, the 15 nations comprising the European Union and China, Japan, South Korea and Vietnam were expected to attend the first summit, Ong said.

The forum could be eventually expanded to include other countries wishing to join, he said.

Ong said a regular summit mechanism would provide an institutional framework for political and economic cooperation.

"It would also serve as a forum for leaders of Asia and Europe to talk about their vision for the future of the two regions and how they can work together to realise the vision," Ong said.

Other sources said the ASEAN concept paper envisaged a summit every two or three years with the venue alternating between Asia and Europe.

The senior officials' meeting here will be jointly chaired by Singapore's permanent secretary for foreign affairs, Kishore Mahubani, and Alain Dejammet, deputy secretary-general of the foreign ministry of France, the current EU president.

The meeting here follows the 11th ASEAN-European Union foreign ministers' meeting in Germany in September 1994 which decided to "reinvigorate and intensify" dialogue between the regional groupings.

The EU has been keen to boost business ties with Asia amid concern that Europe was lagging behind North America and Japan in building bridges with booming regional economies.

ASEAN is keen to expand mutual investment opportunities with Europe and also see how it could work together with the EU to explore emerging markets in Indochina, China and India, Ong said.

Security issues such as tension over the Spratly islands in the South China Sea and the situation in the Korean peninsula and war- torn Bosnia-Herzegovina will be discussed at the Singapore meeting.

Participants will also review the world trade order emerging from the General Agreement on Tariffs and Trade (GATT) Uruguay Round era.

Trade between ASEAN and the EU totalled about 50 billion dollars in 1993, a four-fold increase from 1980, with ASEAN enjoying a surplus of about two billion dollars.

The EU accounted for about 20 percent of total investment flows into ASEAN.

Summit Set for Mar 1996

BK0405151795 Singapore BUSINESS TIMES in English 4 May 95 p 16

[Report by Yang Razali Kassim]

[FBIS Transcribed Text] Singapore—It's official. The first-ever Asia-Europe summit of leaders, first proposed by Singapore Prime Minister Goh Chok Tong, will take place in March in Bangkok.

And it is likely to adopt the format of Apec or the Asia-Pacific Economic Cooperation forum—loose and informal, while tackling substantive economic, political and security issues that will shape the direction of Asia and Europe in the new century.

But the question of who should represent Asia has been a bone of contention with Japan unsuccessfully pressing for Australia and New Zealand to be included in the inaugural summit.

Officials from Asean and the European Union meeting here agreed yesterday that apart from the Europeans, the first-ever summit will involve the Asean Six plus China, Japan, South Korea and Vietnam, which will be Asean's seventh member this year.

But the door is left open for Australia and New Zealand, as well as other "dynamic regional economies" to join later, said a meeting spokesman, Ong Keng Yong.

The Asean-EU consensus on participation, reached yesterday, will be conveyed to Japan after the conclusion of the three-day senior officials meeting today.

The spokesman said a preparatory committee will be formed comprising Singapore, Thailand and a troika from the European Union—France, Spain and Italy.

The committee is the minimum core but can be expanded to include others. It will meet for the first time later this year, the spokesman said.

It is understood that there had been much to-ing and fro-ing among the Asean capitals to resolve the question of Asian representation for the summit, to be tentatively called the Asia-Europe Meeting (AEM).

Japan wanted Australia and New Zealand to be included, presumably to dilute the East Asian character of the Asian line-up. Both Australia and New Zealand, as well as India, have expressed interest to join right from the start.

But the Asean Six has taken a common position that Australia and New Zealand should not be involved in the initiating summit "to make the meeting more manageable". The Asean members, however, agreed that they could be included in subsequent meetings after the "comfort level" among the first group has been established.

Mr Ong said the Asean countries have agreed that Australia and New Zealand could be regarded as "dynamic regional economies". Other Asean officials said it remains questionable whether both countries are part of Asia.

The question of participation, as well as other issues such as how often the summits are to take place, will be left to the leaders to decide when they meet next year.

Asean as well as EU officials were pleased with the pace that Asian-European relations are developing. The Asean side said they did not expect the Europeans to pick up the idea of a summit so fast. "It's a good development. Now we are looking towards the summit where we can further intensify our cooperation," said Malaysia's head of delegation, Ahmad Kamil Jaafar.

Both Mr Kamil and Mr Ong said the summit would complete the triangular arrangement linking the world's three economic powerhouses—North America, Europe and Asia.

The Asean-EU senior officials' meeting yesterday discussed political and security issues, with both sides agreeing to disagree on issues such as human rights, labour standards, Myanmar [Burma] and the Khmer Rouge. But the meeting's most pressing issue clearly was the Asia-Europe summit. The officials will focus on economic ties today before they depart for home.

'Successful' Meeting Ends

BK0405110495 Singapore Radio Corporation of Singapore in English 1000 GMT 4 May 95

[FBIS Transcribed Text] Senior officials of the ASEAN-European Union meeting which ended in Singapore today say talks have been successful. In a joint statement, both agreed they have reached a deeper and better understanding of ASEAN-EU ties.

Asian Nations Oppose U.S. 'Open Sky' Proposal

OW0305051395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 1 May 95 Morning Edition p 3

[FBIS Translated Text] Conflict has intensified between the United States and several Asian nations over the Asian and Pacific airline market, which has grown drastically.

Eighteen member countries and regions of the Asia-Pacific Economic Cooperation (APEC) forum, including Japan, the United States, and China, have decided to hold the first conference of transportation ministers in June. At a preparatory meeting, the United States suggested that an "open sky" policy, which would liberalize access to flight routes in the region, be put on the conference agenda for discussion. It is expected, though, that strong opposition from Asian countries will prevent discussion of the subject.

Meanwhile, the Japanese Government wants a revision of the existing Japan-U.S. aviation treaty, which tends to be more favorable to the United States. As a result, it has become increasingly cautious about U.S. plans to strengthen efforts to obtain access to the Asian aviation market.

Since the United States made a proposal at informal summit talks to hold a conference of APEC transport ministers last November, officials of various countries and regions responsible for transport policy have held a number of working-level consultations to work out topics and a framework for the conference. As a result of meetings held so far, the major topics will be: 1) How to improve the infrastructure of various transport systems, such as railways, maritime transport, and air services; 2) how to train transport- related experts; and 3) how to promote the exchange of relevant technology.

Concerned authorities from various countries recently held a working-level meeting in Beijing, China, and made a final decision on how to proceed with the ministerial conference. According to a concerned source, the United States made a proposal to discuss the issue of introducing an "open sky" policy at the ministerial talks.

The thrust of such a policy would be to stipulate that access to all flight routes should be liberalized, and that no limitation should be set on the number of operating airlines or the number of flights.

However, Asian countries including Japan, China, and South Korea that have been the target of offensives launched by U.S. airlines, have resisted such U.S. pressure to open the market.

These countries have necessarily opposed the inclusion of this topic on the agenda of the transport ministers' conference. The same concerned source also said that although New Zealand and Singapore, which have relatively small flight markets, have expressed a more positive view on introducing an "open sky" policy, "all other East Asian countries and ASEAN member countries have voiced their opposition to the U.S. proposal."

As a result, it has been decided that no discussion will be held on the open-sky issue at the June conference.

American airlines are known for their strong competitiveness, and the United States intends to assist them further expand their overseas operations and strengthen their transportation capability.

It was against this background that the U.S. set forth its "open sky" concept in 1992, urging other countries to open their air service market. In view of the fact that economic growth in Asia far exceeds that in other regions, and that demand for air services has increased, U.S. airlines are shifting their strategic target to the Asia-Pacific region to extend their flight routes. The United States strongly made the same demand for air service liberalization at the International Commercial Airlines Organization (ICAO) forum held in November last year.

Japan

Tokyo-Washington Auto Talks in Canada Reported

Hashimoto-Kantor Talks 'Heated'

OW0505121795 Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 May 95 Morning Edition p 3

[By correspondent Yasuhiko Ota]

[FBIS Translated Text] Whistler, Canada—At the 3 May ministerial talks on automobiles and auto parts, International Trade and Industry Minister Hashimoto and U.S. Trade Representative Kantor had a heated exchange. While Kantor so emphatically stressed the importance of Japan's voluntary plans for the purchase of U.S.-made auto parts that Japanese officials called his quest for an increase in Japan's purchase of U.S.-made auto parts "tenacious," Minister Hashimoto noted that high-ranking U.S. officials have made direct contacts with Japanese automakers and then criticized their contacts with Japanese automakers, saying, "At issue is that high-ranking U.S. officials have put pressure on Japanese automakers." In this way, they had a heated exchange at the talks.

Minister Hashimoto is said to have not gotten along with Kantor. Hashimoto said half-jokingly before the talks, "If I had needed an operation for an appendicitis, I would have not come here." Thus, he revealed his feeling about the talks.

At the outset of the talks, both sides got tough with each other. At first, Japanese and U.S. officials had an exchange on the proceeding of the talks. U.S. officials proposed that either Kantor and Hashimoto hold talks alone or that they hold talks with only one official from each side attending just prior to one-to-one talks. In front of a group of reporters, Hashimoto told Kantor, "You should have made that proposal earlier." In a slap at the negotiating stance of the United States that tried to exploit "favorable winds" from the sharply appreciated yen, Minister Hashimoto criticized the United States by saying, "The United States should play a role compatible with the status of a nation whose currency is the world's key currency."

In response, Representative Kantor, who is a lawyer by training, used his tactic of "tenacious repetition" in order to stress the importance of increasing Japan's procurement of U.S.-made auto parts.

Asked by Japanese reporters about atmosphere of the talks after the talks, Minister Hashimoto said with a gloomy expression on his face, "It is hard to think that the sky is bright and clear." Representative Kantor, who is a baseball fan, said, "We are in the fifth inning of our game." How will the pessimistic prospects expressed by Hashimoto and the optimistic prospects expressed by Kantor change? The heated exchange that Hashimoto and Kantor had at the 5 May talks is likely to recur at subsequent talks.

Canada, EU Support Tokyo's Stance

OW0505013495 Tokyo KYODO in English 0119 GMT 5 May 95

[By Kohei Murayama]

[FBIS Transcribed Text] Whistler, Canada, May 4 KYODO—Canada and the European Union (EU) supported Japan's stance Thursday [4 May] for rejecting a U.S. call for voluntary targets in buying foreign auto parts in the bilateral framework negotiations on auto and auto parts trade, Japanese officials said.

Canada's International Trade Minister Roy MacLaren and European Commission Vice President Leon Brittan voiced strong concerns over the U.S. demand, the officials told reporters in briefing their separate morning meetings with Japan's International Trade and Industry Minister Ryutaro Hashimoto.

Brittan also voiced "strong" opposition to the U.S. strategy of taking such unilateral actions as "301" sanctions, and MacLaren encouraged Hashimoto to take the case over to the new global watchdog World Trade Organization (WTO) to seek a multilateral verdict on the United States' method of pressing bilateral trades, the officials said.

The three trade partners, along with U.S. Trade Representative Mickey Kantor, are here in the ski resort town of Whistler near Vancouver for a three-day "quad" trade consultation that started Wednesday.

Before the quadrilateral gathering, Hashimoto and Kantor met for nearly six hours in Vancouver on Wednesday to negotiate on auto and auto parts trade, but failed to make a breakthrough chiefly because of increased disputes over the voluntary plans. But the two parties agreed to meet again Friday after the quad talks.

The Japanese trade minister briefed Brittan and MacLaren about his talks with Kantor, and reiterated his stance to continue rejecting the U.S. demand.

Brittan was quoted as saying that any demand for government commitments in soliciting private companies to boost purchases voluntarily is "managed trade," which he said he strongly opposes, the Japanese officials said.

He expressed doubt over the U.S. use of the term "foreign parts" in demanding higher purchases, saying that voluntary plans would lead Japanese companies to boost only U.S. products while limiting their purchases from Europe, the officials said.

They noted that Canadian trade officials have also been describing the U.S. use of "foreign parts" as "suspicious."

Brittan also advised Hashimoto to show Japan's willingness to reach an accord on two other key issues—wider access to dealerships and deregulation of the replacement parts markets, the officials said.

If the U.S. side still refuses to ease its stance, Washington would find itself falling into a bad position, Brittan was quoted as saying in suggesting there is global criticism over the U.S. intention to push through managed trade.

The official said MacLaren voiced "great concerns" that voluntary plans and any other types of "numerical targets" would have a great influence on Japanese transplants in Canada.

While welcoming the recent increase in investment in Canada by Japanese automakers, particularly by Toyota Motor Corp., MacLaren told Hashimoto said such moves are what can be called "really voluntary," criticizing the U.S. way of asking the Japanese Government to force private companies to take actions voluntarily, the officials said.

MacLaren told Hashimoto that if the U.S.-Japan auto talks happen to fail due to the U.S. demand, Japan should take the dispute to the WTO, the officials said.

This would be a "good case" for the WTO, established in January, to take up as its first dispute settlement, MacLaren was quoted as saying.

Meanwhile, both Brittan and MacLaren urged Japan to take further deregulatory measures, saying that a deregulation package announced in late March did not sufficiently reflect their requests, the Japanese officials said.

Hashimoto explained that the Japanese Government has recently decided to revise the initial five-year deregulation action plan into a three-year plan, and is also planning to revise the plan annually to satisfy further requests at home and abroad.

Deputies Remain 'Sharply Apart'

OW0505063695 Tokyo KYODO in English 0621 GMT 5 May 95

[By Kohei Murayama]

[FBIS Transcribed Text] Whistler, Canada, May 4 KYODO—Japanese and U.S. vice ministerial negotiators remained sharply apart on the thorniest issue of "voluntary" plans in consultations Thursday [4 May] for preparing top-level talks on auto and auto parts trade, officials from both sides said.

The deputies decided to meet again Friday morning ahead of a second round of talks between their ministers here in the ski resort town of Whistler near Vancouver, the Japanese and U.S. officials told reporters.

Japan's International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor failed to reach a major breakthrough in the auto and auto parts talks amid increased wrangling over an apparent U.S. demand for Japanese automakers renewing their voluntary plans to purchase foreign parts.

A Japanese official said the deputy-level talks Thursday were intended to clarify each other's points over three major issues on the roundtable for the Hashimoto-Kantor talks.

The three issues are wider access to dealerships, deregulation of replacement parts markets, and parts purchases.

But he noted that Friday's negotiations depend solely on how the U.S. side will handle its insistence on the voluntary plans in order to resolve the auto and auto parts talks—the only unfinished priority area under the bilateral framework talks.

Japanese negotiators reiterated that their stance remains firmly unchanged as Tokyo has been insisting that such private-sector business is out of government control.

The U.S. negotiators are not directly calling for Tokyo's commitments on the plans, but are apparently trying to convince Japanese negotiators by explaining the important role of the plans from various angles, the official said.

But the U.S. side seems to have acknowledged the tough Japanese stance of refusing voluntary plans.

He said the U.S. side has absolutely not brought up retaliatory actions against Japan such as issuing a list of items subject to punitive tariffs. Washington initiated last October a Section 301 probe under its trade law into Japan's replacement parts markets.

But the official said Japan is prepared to take the dispute over to the new global watchdog World Trade Organization (WTO) to seek a multilateral verdict if Washington announces such a list.

Meanwhile, President Bill Clinton on Thursday fanned Kantor's drive for pressing Japan to cave in.

A U.S. source close to the talks said that Clinton reaffirmed his commitments to act against Japan in a joint telephone interview with some 30 reporters.

According to those news reports, Clinton said, "the United States is committed to taking strong actions" if no deal is reached, and Kantor's hard-line stance "is my line, it is my conviction."

Washington policy-makers are slated to hold a National Economic Council meeting this week to assess the talks.

As for two other key issues, the Japanese official expressed optimism particularly for deregulation, which he said the U.S. side well understood the Japanese proposals.

Some gaps remain on the dealerships, the official said, but repeated that the U.S. focus is on the voluntary plans.

Kantor and Hashimoto are in Whistler along with their Canadian and European Union (EU) counterparts for a three-day "quad" trade consultation that started Wednesday.

Japan gained support from its Canadian and EU trade partners for rejecting a U.S. call for voluntary plans, Japanese officials said.

Canada's International Trade Minister Roy MacLaren and European Commission Vice President Leon Brittan voiced strong concerns over the U.S. demand, Japanese officials said in briefing their separate morning meetings Thursday with Hashimoto.

Brittan also voiced "strong" opposition to the U.S. strategy of taking such unilateral actions as "301" sanctions, and MacLaren encouraged Hashimoto to take the case to the WTO to seek a multilateral ruling on the U.S. method of pressing bilateral issues.

Brittan was quoted as saying that any demand for government commitments in soliciting private companies to boost purchases voluntarily is "managed trade," which he said he strongly opposes.

He also expressed doubt over the U.S. use of the term "foreign parts" in demanding higher purchases, saying that voluntary plans would lead Japanese automakers to boost only U.S. parts while limiting their purchases from Europe.

A senior Japanese official called the Canadian and EU support as "natural" as the two nations are also facing possible U.S. sanctions.

Auto Industry Considers 'Concessions' in Talks

OW0505113995 Tokyo ASAHI SHIMBUN in Japanese 5 May 95 Morning Edition p 3

[FBIS Translated Text] There have been indications that behind the scenes, the Japanese automobile industry, which will be directly affected by the outcome of negotiations over the automobiles and auto parts sector under the Japan-U.S. framework trade talks, has sought the possibility of making concessions.

In a meeting with a senior official from the Ministry of International Trade and Industry [MITI] last January, a top official at the Toyota Motor Corporation made the following comment: "We can boost voluntary purchases if U.S. auto parts to be purchased by our factory in Canada were to be included in our voluntary purchase plan." It has been reported that in response, the senior MITI official reproached the Toyota official, saying: "Do not make any remarks that in effect remove the ladder from under us."

Industry officials believe the MITI official reacted this way because the Toyota official exercised absolutely no reservations in bringing out a point that Japanese trade negotiators have been secretly considering as a final negotiating card.

Both Toyota and Honda Motor Co., Ltd. have spelled out plans to boost automobile production in the United States. They intend to use foreign auto parts in manufacturing automobiles under such plans. However, they have only included a portion these foreign auto parts in their voluntary purchase plans. Moreover, regarding foreign auto parts imported into Japan, the recent, sharp appreciation of the yen against other currencies has caused such imported parts to be cheaper than parts made by domestic parts makers affiliated with Japanese automakers. As a result, Japanese automakers can no longer say they cannot boost their voluntary purchases of foreign auto parts.

On the other hand, however, some automobile industry officials see it differently. A public relations official at a major automaker has said: "I doubt whether the United States will be satisfied with only some Japanese automakers boosting their voluntary purchases."

An industry official has said that since domestic demand for auto parts is not expected to grow substantially and the U.S. market has begun to decelerate as well, it is unlikely that Japanese automakers can substantially boost their voluntary purchases of foreign auto parts.

Major Trading Partners Renew WTO Commitments

OW0505023895 Tokyo KYODO in English 0203 GMT 5 May 95

[By Kohei Murayama]

[FBIS Transcribed Text] Whistler, Canada, May 4 KYODO—Four major trading partners renewed their commitment Thursday [4 May] to tackle a range of problems involved in the new global trading order as they gathered for the first time since the Jan. 1 launch of the World Trade Organization (WTO).

Japanese officials said trade ministers from Japan, the United States, Canada and the European Union (EU) reaffirmed their drive toward free trade under the WTO on the second of three days of informal "quad" trade talks here in the ski resort town of Whistler near Vancouver.

Emerging from the Thursday session, the four ministers—Japan's International Trade and Industry Minister Ryutaro Hashimoto, Canada's International Trade Minister Roy MacLaren, European Commission Vice President Leon Brittan and U.S. Trade Representative Mickey Kantor—declined to divulge specifics while the closed-door discussions were still in process.

Japanese officials, briefing reporters, said the four ministers agreed to facilitate new global trade rules implemented with the conclusion of the Uruguay Round accord that led to the establishment of the WTO.

As for some proposals of upgrading the WTO rules such as speeding up tariff cuts, the ministers decided to take them home for consideration and to discuss them further at future quadrilateral gatherings.

But the ministers were affirmative on the new issues of harmonizing WTO accords with domestic trade rules and competition policies including industrial standards and certificates, investment codes and antitrust regulations, the officials said.

The quad ministers agreed to give a central role on the issues to the organization for economic cooperation and development and are expected to send a message for further progress at the annual group of seven summit in Halifax, Canada, in mid-June, the officials.

A conference official said the ministers also discussed creation of an appellant body under the WTO dispute settlement panels.

The Japanese officials said other topics for discussion included financial services and telecommunications, issues that were left unresolved under the Uruguay Round, and China's bid for WTO membership.

In the final half-day session Friday, the ministers will discuss such new trade issues as how to balance trade activities with environmental protection and employment, the officials said.

The conference is expected to produce a joint statement, they said.

Comprehesive Security Policy Outline Proposed

OW0505061695 Tokyo YOMIURI SHIMBUN in Japanese 3 May 95 Morning Edition p 1

[FBIS Translated Text] On the occasion of Constitution Day, YOMIURI SHIMBUN proposes an "Outline for a Comprehensive Security Policy" to encourage the people to discuss the future of Japan's security. The Outline maintains that necessary laws should be created so the government can promptly and effectively cope with emergency cases, such as armed attacks from abroad, terrorism, and large-scale natural disasters. For example, it suggests that the prime minister declare a "state of emergency" in the wake of such cases and have the right of direct command. Moreover, the Outline proposes the establishment of a Peacekeeping Operations (PKO) joint training center, as part of Japan's positive participation in UN PKO activities. It also calls for strengthening the function of the Self Defense Forces' [SDF] Joint Staff Council. Regarding the Japan-U.S. security treaty as the basis for Japan's security policy, the Outline proposes the reinforcement of the treaty.

In response to the "YOMIURI SHIMBUN Proposal for the Amendment of the Constitution" announced on 3 November 1994, the Outline indicates a basic view on what Japan's security ought to be like.

YOMIURI SHIMBUN believes that a systematic "basic law for comprehensive security" into the 21st century is indispensable for protecting the Japanese people from foreign attacks, terrorist acts, large-scale natural disasters, and other crises. For this reason, the Outline is designed to serve as the basis for thoroughgoing nationwide debate toward the enactment of the envisioned law.

The Outline consists of 10 chapters, including national defense, the SDF, emergencies, international relations and the Japan-U.S. security treaty, arms control and disarmament, and UN PKO activities.

Although the SDF Act defines only national defense as the SDF's major task, the YOMIURI SHIMBUN Outline stipulates that disaster operations and PKO activities are also important tasks for the SDF.

The Outline stresses that the SDF should not use armed force except in case of self-defense and that it should be placed under strict civilian control. Moreover, it proposes making joint operations by the Ground SDF, the Maritime SDF, and the Air SDF more effective by strengthening the function of the Joint Staff Council.

As for the handling of emergency cases, the Outline says the prime minister can call a cabinet meeting to declare a state of emergency in the wake of terrorist acts, civil disturbances, a large-scale natural disaster, as well as military attacks from abroad or an impending threat of such attacks.

In declaring a state of emergency, the prime minister needs to gain prior or ex post facto approval by the Diet. However, once he makes the declaration, the prime minister would be able to take emergency measures in accordance with relevant laws. Moreover, the prime minister would be able to direct and supervise not only the SDF but also police and fire-fighting departments, as well as to give instructions to local governments.

To that end, the power of key prime ministerial aides must be strengthened. Therefore, the Outline proposes that the existing Security Council of Japan be reorganized as a comprehensive security council.

The Outline stipulates that if emergency measures are taken, the restriction of basic rights should be minimized based on the law.

It goes without saying that the Japan-U.S. security arrangements have contributed and will contribute to safety and stability in the Asia-Pacific region, including Japan, and that they will be indispensable for world peace and stability in the future as well. Based on this basic view, the Outline points out the need for smooth and effective enforcement of the Japan-U.S. security arrangements. At the same time, it calls on Japan and the United States to make positive efforts to take bilateral and multilateral confidence- building measures.

The proposed PKO joint training center is designed to meet UN requests for PKO activities by repeatedly conducting information-gathering, telecommunications, and liaison training in cooperation with other countries concerned. The Outline proposes that the commander of an SDF peacekeeping mission abroad be given discretionary power to decide whether the mission should participate in peacekeeping forces' (PKF) primary duties, such as cease-fire monitoring, or should be allowed to use arms for self-defense. At present, the SDF's participation in PKF duties has been frozen and the use of arms for self-defense has been entrusted to discretion of individual SDF members.

From the viewpoint of comprehensive security, the Outline also makes the following proposals: 1) The government should try to eliminate inhumane and indiscriminate weapons of mass destruction, such as nuclear arms or biological and chemical weapons, as well as to establish a more transparent system for the transfer of conventional weapons; 2) That the government conduct close monitoring of the use of official development assistance (ODA) to prevent ODA funds from being diverted to military use; and 3) That the government try to ensure the safety of naval transport routes to guarantee stable supplies of food and energy resources.

The outline is based on the view that although the end of the Cold War has drastically decreased the probability of a global military clash, instability and hazardous situations have increased at home and abroad, and it is necessary to study security affairs from a broader point of view.

Okinawa To Study Security Accord on Naha Port

OW0505083495 Naha RYUKYU SHIMPO in Japanese 4 May 95 Morning Edition p 2

[FBIS Translated Text] The Okinawa Prefectural Government reacted calmly to the Japan-U.S. defense chiefs' agreement on seeking early approval for the solution of three U.S. base-related issues on Okinawa from the Japan-U.S. joint commission. While noting the content of the defense talks held in Washington on 2 May were "almost expected," the local government believes the week after the Golden Week holidays [29 April to 5 May] will be crucial for the conclusion of a bilateral accord on the relocation plan for Naha Naval Port—a controversial issue that some Okinawans strongly oppose. Concerning this, the local government intends to immediately start discussing the handling of the relocation plan and ways to collect more information on the matter.

Masaaki Aguni, director of the prefectural government office in charge of U.S. base-related issues, said: "Okinawa's basic stance on the relocation was stated in a speech given by Governor Masahide Ota during the March assembly session. When the relocation plan is presented to us in detail, we will make a decision after taking a comprehensive view. Early next week to 15 May will be the crucial period for decisionmaking on this matter. But it will be difficult to settle the issue of the return of Naha Naval Port in one or two months because it has been deadlocked for the past twenty years."

Kenko Teruya, director of the governor's executive office, said: "The prefectural government has no intention of persuading the local people to accept the central government-proposed relocation plan. We must first understand and study local opinion as well as the plan. It would not be fair to enforce a plan with defects. We must engage in coordination with local people on how to solve problems and concerns if there are any. We will face a turning point soon."

It seems the local government plans to hold discussions with local cities, towns, and villages after the central government proposes its relocation plan so as to firm up its basic policy on the matter before the convening of the prefectural assembly in late June.

Daily Champions Idea of 'Peace Support Corps'

OW0505045695 Tokyo ASAHI SHIMBUN in Japanese 3 May 95 Morning Edition p 13

[Editorial: "International Cooperation and the Constitution; Proposal II—Japan Urged To Create Peace Support Corps]

[FBIS Translated Text] A peace support corps would be an organ affiliated to a new international cooperation agency—whose duties would be to join UN peacekeeping operations, humanitarian aid, and disaster relief work—and it would be staffed by about 2,000 members, including part-timers. Its peacekeeping operations would be confined to conventional ones that refrain from use of force. The corps members would be sent abroad with the prior approval of the Diet. Its initial work would be limited to transport and other duties The next step would be taken after ascertaining the success of initial operations and the state of peacekeeping operations.

Although the Cold War has ended, the suffering has not. Helping those who suffer and promoting peace are the most important tasks of the international community. Such efforts are essential components of Japan's international cooperation.

We believe that in addition to giving humanitarian aid to those who are suffering, Japan should actively participate in United Nations' peacekeeping operations (PKO).

The task of peacekeeping missions is to intervene between parties in a conflict that have agreed to a cease-fire, and patrol and monitor activities of the warring parties until a permanent peace agreement is signed so that the cease-fire is not violated. If there is a cease-fire violation, they investigate it and report their findings to the United Nations. It is hoped these activities deter violations and promote negotiated peace.

At the time the UN intervened in the 1956 Suez crisis, Dag Hammarskjold, then U.S. secretary general, established the "principle of the non-use of force"—a principle that bars peacekeepers from using arms except in self-defense. This has long been observed as a basic rule of peacekeeping, together with the "principle of consent"—allowing troop dispatches only when the warring parties accept their presence—and the "principles of neutrality and impartiality."

A spate of domestic conflicts since the end of the Cold War led UN Secretary General Butrus Butrus-Ghali to abandon these principles and introduce a new kind of peacekeeping operation called "peace enforcement."

This formula, using force against uncooperative warring parties, failed disastrously in Somalia, forcing Butrus-Ghali to revert to the original peacekeeping rules.

The "peace support corps," which we propose to create, would take part in conventional peacekeeping operations, not those of the "peace enforcement" type.

Why, many people may wonder, is a new organization needed when units of the Self Defense Forces [SDF] have already been sent abroad on peacekeeping missions?

Our answer is that we believe units of the SDF, whose duty is limited to the defense of our own territory under the constitution, should not be sent abroad.

Considering the fact that Japan colonized Korea, waged aggression against China and sent soldiers in combat boots trampling over countries of Southeast Asia, we believe the SDF should be led with as much restraint as possible.

Certainly, few Asian countries criticized Japan over the dispatch of an SDF contingent to Cambodia. Some Asian leaders even say Japan needs no longer apologize for its past deeds. But Japan has yet to show remorse and offer a proper apology. In such circumstances, we should assume responsibility for history by deeds, not just words, making it clear that no SDF unit shall be sent abroad again.

We believe most people support this view.

Members of the SDF have already been sent abroad several times. But many people, despite their misgivings about this practice, must nevertheless be resigned to the fact that there is no alternative organization that has the means to send peacekeepers to trouble spots.

Popular sentiment makes politicians hesitant about the dispatch of SDF troops and seeks to impose detailed conditions on troops that are sent. For example, opposition within the government, for a time, threatened a decision to sent SDF troops to Mozambique. It took time for the ruling coalition parties to resolve their differences and agree to the dispatch of SDF personnel to help Rwandan refugees.

This democratic process is at work. But if it is at the expense of speedy decisions for dispatch, it is not what the people want. The only way around the dilemma is to form an organization separate from the SDF to render international cooperation.

Secondly, PKO duties are suited to an organization of experts, not a military body like the SDF.

It has been said that as PKO work centers on military duties, it would be difficult to involve a Japanese organization outside the SDF. Such operations, when they entail stepping in to separate warring parties in an area where fighting has just come to an end, do indeed have military overtones. But the mission is not to fight. When provocation occurs, the peacekeeping team is supposed to calmly talk the offending party into ending hostilities.

PKO troops sent by Finland at the time of the Yom Kippur War, Egypt's attempt to win back the Sinai Peninsula, were deployed in the suburbs of Suez. When Israeli troops tried to destroy a UN checkpoint, the Finns blocked the attempt by laying down their arms and forming a human wall. This was an act true to the spirit of the PKO.

What the Finns did is entirely different from the duty of soldiers, which is to conquer the enemy with force. Training in war, such as that undergone by the SDF, is not needed for this type of work. Instead, it is important to study the language and customs of the regions in conflict, and learn how to carry out checkpoint inspections without being provocative. In other words, countries have sent troops to do peacekeeping operations in the absence of expert teams. But the fact remains that an organization of specialists is better suited to the job.

What kind of peace support corps do we have in mind?

First of all, let it be clear that the corps would operate on the premise that it would "not use force." The corps would belong to a new international cooperation agency, whose tasks would be to participate in UN PKO, humanitarian relief, and disaster relief work.

As the attached flow chart shows, the proposed corps would have a headquarters, under which there would be three units that would be sent abroad—a specialist unit, an administrative unit, and a general unit. A training center would be established in Japan. The total number of people involved, including part-time staff, would be 2,000.

The specialist unit would contribute to PKO operations using the skills of its members. It would also provide humanitarian assistance and conduct disaster relief activities. The unit would comprise the following elements: A headquarters in the host country, a medical team, a team of staff for the prevention of epidemics and provision of a clean water supply, a communications team, and a rescue team. The rescue team of qualified technicians and aides would work to save lives in disasters, and would support initial recovery efforts.

A small, rapid-deployment team would be ready to respond within 24 hours of being summoned, and would be staffed by full-timers. Some members would also serve full-time in obtaining necessary equipment and supplies, and work in liaising and coordinating among other members. But volunteers would be recruited for other jobs. The part-time recruits would be registered with the corps. They would be required to go through training periodically, so that they were ready to be sent abroad when needed.

The administrative unit would largely be in charge of PKO. It would be composed of a civilian police team and an autonomy team that would provide guidance on election supervision and such matters. Volunteers would be recruited from among police officers and civil servants in general. As with volunteers for the specialist unit, they would be registered with the corps and required to go through training periodically to serve abroad in the future.

The general unit would do what the SDF are supposed to do. It would also handle rescue operations. Elements of the unit would be the headquarters in the host country, a guard team, a transportation team, a civil engineering team, and a UN liaison team. The members of the general service corps would be full-time.

The training center would teach principles for members to stand by when they join a peacekeeping operation or provide humanitarian assistance, how to deal with various situations that may arise, and how to protect themselves. It would also instruct them on the state of affairs and customs in the host country, and provide linguistic training.

Those engaged in a peacekeeping operation are theoretically immune to attack as they take up their duties only after warring parties have agreed to their presence. Actually, however, there is no absolute guarantee that they would not come under attack from a group not controlled by parties to the cease-fire agreement, or from a group left out of any accord.

Is it fair to send unarmed peacekeepers into such a situation?

Assuming that the protection of the specialist and administrative units would be left to the United Nations, we would like to allow the general unit to have a guard team for self-defense.

However, in light of the duties of the general unit, the guard team's arms should be of a light and defensive nature.

Small firearms and nonlethal weapons for peacekeeping should be developed that can temporarily incapacitate assailants. We believe that a peace support corps with severely restricted equipment, such as we have outlined, could, short of using force, participate in the main tasks of peacekeeping such as patrols, the disengagement of forces, and the monitoring of disarmament. But peacekeeping operations are still going through a period of trial and error, which generate distrust and anxiety among the people our participation in them. Government officials are not necessarily consistent in their explanations of peacekeeping operations. It is still not the time to talk about full participation.

The projected peace support corps should start with such tasks as transport, supply, communications, and road construction. The performance of the corps should be monitored for about five years, during which the nature of peacekeeping operations should become clearer. A study should then be undertaken on the next step, assuming that a national consensus on such action emerges by that time.

The government might be empowered to send members of the peace support corps on humanitarian aid and disaster relief missions with first receiving Diet approval. But for peacekeeping operations, they should be sent only to join conventional operations based on UN resolutions. A decision to send them would require advance approval from the Diet. Depending on developments, the Diet would be able to pass a resolution on their withdrawal and give advice to that effect to the government.

The peace support corps would, of course, be barred from taking part in any multinational force. Members of the corps participating in peacekeeping operations would be pulled out if any of the attached conditions—the existence of a cease-fire agreement, the consent of warring parties to the presence of peacekeepers from Japan and other countries, and the observance of strict neutrality—were not satisfied. The five existing principles that guide peacekeeping operations, including the provision that members should use their arms only to protect their lives, would be strictly applied to the corps.

We have outlined a proposal for a peace support corps. It is still a bare-bones proposal. A number of details remain to be worked out, such as the status and pay of corps members, and compensation for those killed on duty. There may need to be some changes. What we hope to accomplish in presenting this idea is to provoke debate.

Editorial Advocates Nonmilitary Role for Tokyo

OW0505014195 Tokyo ASAHI SHIMBUN in Japanese 3 May 95 Morning Edition p 1

[Editorial: "'Nonmilitary' Role Is the Way to Coexistence"]

[FBIS Translated Text] What should Japan do to save the human race and the planet earth? In opening a new chapter in the history of Japan, 50 years after its defeat in World War II, ASAHI SHIMBUN has conducted a company-wide discussion of this question over the past five years. With today marking Constitution Day, we present a special editorial package entitled "International Cooperation and the Constitution" based on the results of the discussion. We hope this will serve as a reference for our readers in considering the issue.

Constitutional Revision That Will Do More Harm Than Good

Our conclusions can be summarized as follows: 1) The constitution as it stands has not lost its brilliance, and we are opposed to revising it because that would bring more harm than good; and 2) Japan should stick to nonmilitary roles, but be more active than other countries in providing nonmilitary contributions when cooperating with the rest of the world.

In summary, Japan should be an active, nonmilitarist state. Figuratively speaking, it should aspire to become a conscientious objector state.

Conscientious objection by individuals is legally approved in such major industrialized nations as the United States, UK, and France. The Basic Law (in effect, the constitution) in Germany, where a selective service system is in effect, stipulates that "no one shall be forced into military service and compelled to carry weapons against his or her conscience." We suggest this principle of conscientious objection be applied to countries.

People who say international cooperation means shedding blood will probably criticize the idea as selfish. In fact, conscientious objectors have been excoriated and persecuted for a long time. However, there seems to be no other way if either individuals or countries are to unwaveringly uphold their belief in the precept "thou shalt not kill."

Furthermore, it takes strong determination and patience to uphold such a belief because in most countries that accept conscientious objection, conscientious objectors are required to perform alternative service. They are involved in medical care, social welfare work, and other jobs under conditions that are sometimes more demanding than military service. The same would hold true for a country that claimed to be a conscientious objector.

We have compiled "six proposals" as guidelines for Japan in treading a path toward such an active, nonmilitarist state—a nation that claims conscientious objection.

In making these recommendations, we have set as a goal for their attainment the period around the year 2010. Of course, the times are turbulent at the moment. ASAHI SHIMBUN plans to ceaseless review its proposals—primarily using editorial writers—in response to changes in the world.

Peace Support Corps Which Can Respond Swiftly

The first proposal charts in specific terms the path Japan should take to set the lead for other nations in nonmilitary international cooperation.

Let us imagine the world in 2010. A population explosion and a worsening of living conditions will have caused increasingly bitter conflicts among peoples over poverty and the gap between rich and poor. If left unattended, such factors will lead to more and more regional conflicts and more and more refugees.

To avoid this, it is necessary to take preventative action now. Specifically, an "international cooperation law" should be enacted that expresses the resolve of the Japanese people to spread peace and respect for human rights around the world. We also advocate qualitative reform of the government's Official Development Assistance (ODA) programs, which shall work in tandem with projects to be undertaken by nongovernmental organizations (NGO's).

Our second proposal is the establishment of a "Peace Support Corps." Besides taking "preventative" measures, what else can be done for people who, at this very moment, cannot lead live as normal human beings because of conflict or natural disaster? The Peace Support Corps, which would be separate from the Self Defense Forces [SDF], will respond swiftly by providing humanitarian relief and rescue operations when natural disasters occur.

At the same time, the Peace Support Corps would also actively participate in UN peacekeeping operations (PKO) in strictly nonmilitary areas. Although some members of the corps would carry small arms for their own protection, the roles of the Peace Support Corps are completely different from those of military forces because the corps would not be a combat force. The corps, therefore, would never participate in operations with peace-enforcement forces or multinational military forces.

In our third proposal, we express strong opposition to revision of the present constitution, particularly Article IX, on clarifying that the Constitution does not prohibit Japan from possessing a self defense organization under the right to national self defense.

Article IX, which renounced war and the use of force, is an idealistic norm that places the desires of mankind above all else. The framework which the article set up for post-war Japan, especially the immobile principle that completely rules out "military precedence above all else," is more precious than anything else. That principle must not be sacrificed in revising the constitution.

Disarmament Heightens National Security

What sort of self-defense organization, then, is within the scope of the constitution? The criteria and the limitations of such an organization are the subject of our fourth proposal.

The equipment and organization of such a force are to be strictly limited to defense purposes. Combat troops will not be permitted to go abroad. Since strong doubts have been raised that the current SDF has already overstepped the bounds of self defense as permitted under the constitution, a considerable reduction in the SDF should be made together with a complete overhaul of its mission, organization, and structure, among other matters.

Given the existing strategic environment among the countries of the world, there is little likelihood of Japan being directly invaded, at least until early in the next century. Although there is no denying that China, the Korean peninsula, and other elements of uncertainty exist, the existing, Cold War-oriented SDF, which was reinforced based on the concept of threat from the former Soviet Union, is far too large. For example, phased reduction in personnel in the Ground SDF to half the present level would not put Japan's national security at immediate risk. Instead, if such a reduction encouraged disarmament in neighboring countries, Japan's own security would be enhanced all the more.

Our fifth proposal concerns the establishment of an organization for peace in Asia, and Japan's role in creating it. Japan and the United States should reexamine their Cold War-oriented bilateral security arrangement and, in particular, remove or scale down U.S. military bases in Japan. They should then make concerted efforts to ensure that an organization dedicated to preventative diplomacy and arms control—similar to the CSCE—is established in Asia during this century.

Finally, we would like to propose that Japan stand in the forefront of efforts to reform the United Nations and make concrete suggestions to that end. We suggest that the veto powers for the permanent members of the UN Security Council [UNSC] be phased out, and that discussions on the issue of new permanent seats in the UNSC be conducted not merely for Japan and Germany but also for a representative country from each of Africa, Asia, and Latin America.

Our efforts to present these proposals are based on our assumption that the "aftermath of the two wars"—the Cold War and the Persian Gulf War—will bring still more cataclysmic changes in the world.

With the end of the Cold War, the former Soviet bloc disintegrated, and the tide of the market economic system has engulfed old and new socialist countries and those in the so-called South. In one respect, this tide has helped revitalize stagnant economies. In other respects, however, the shift to the market economic system-?rought with it wider gaps in wealth, a surge in the number of refugees, and environmental destruction, among other things. Meanwhile, U.S. economic power has declined, as indicated by the relentless fall in value of the dollar, which is beginning to lose its stworld's key currency.

If, in this way, the world becomes unstable and the flow of money and goods stalls, Japan, which relies heavily on foreign trade, will be hit the hardest. It is imperative that Japan be more heedful of the fact that its efforts tont economic decline and environmental destruction in developing countries and rectify trade imbalances with its trading partners will not only benefit the cause of world peace, but will also directly affect its own interests.

Do Not Let the Concept of "Safeguarding the Constitution" Become a Mere Slogan

Meanwhile, the Gulf War narrowed international cooperation to the military level only, at least temporarily. In the few years since that war, however, there have been a number of conflicts that the milita?pproach has failed to resolve. It has become clear that there can be no improvement in the situation unless the causes of trouble are dealt with at their roots.

Moreover, with the reduced danger of another world war, security arrangements have come to encom?us broader areas than simply the military. For the people, it has become increasingly important to be able to respond appropriately to natural disasters such as earthquakes, and man-made disasters such as explosions.

Despite such obvious trends in the world, some people in Japan still insist on the need to revise the constitution in a way that would increase reliance on military strength. We feel such an attitude represents a failure to learn the lessons of history and an inability to foresee the future.

If we are to protect the constitution and be part of a nation that practices conscientious objection in line with the spirit of the constitution, every one of us should strongly uphold the precept "thou shalt not kill," and at times be fully prepared to meet the most demanding of tasks. Without such a determination, there is a danger that the concept of "safeguarding the constitution" will end up a mere slogan.

For example, after we accepted our war-renouncing constitution but left ambiguous the issue of responsibility for the last war, do we not still lack a complete awareness of the "war"? Did we not turn our eyes away from harsh reality, despite endless conflicts in the world, and try very hard to avoid any involvement whatsoever?

Or, for example again, did not many Japanese, while intoxicated by postwar prosperity, fail on their own initiative to pay due attention to the rest of the world, to be considerate to others, or extend a helping hand? Were they not too indifferent to the miserable situations that faced other people, such as starvation, poverty, and the violation of human rights?

We want to question ourselves again on these points. Fortunately, volunteer activities demonstrated by young people in the great Hanshin earthquake have encouraged us. When our concept of international cooperation no longer bears with it a condescending attitude that we are "rendering services" or "making contributions," our constitution will shine even more brilliantly.

Takashi Kitaoka on Outlook for Defense Industry

952A0479A Tokyo KEIZAIKAI in Japanese 28 Mar 95 pp 46-47

[Article by Takashi Izumi: "Takashi Kitaoka, chairman of the Japan Defense Equipment Industry Association; Twilight of an Anxious Defense Industry"]

[FBIS Translated Text] **Makers Distressed Over Dwindling Spending for Frontline Equipment**

The defense industry, which has continued to support Japan's national security behind the scenes, is approaching a major crossroads. Buffeted by a headwind in the form of the demise of the Cold War structure, the contract volume for defense equipment is shrinking annually, and rumors that "at this rate the maintenance of technology itself will be difficult" are heard from the industry.

Two Major Blows of Panic Hurting the Industry

"It was really difficult for our industry these past two to three years. However, we seem to have finally bottomed out at this juncture. The next fiscal year should show some improvement. Our sense is that we can finally see a light at the end of the long tunnel."

At the "Japan Defense Equipment Industry Association's annual meeting this January to exchange New Year greetings," Takashi Kitaoka, the association chairman and president of Mitsubishi Electric Corp., made a strong pitch as if to dispell the depressed mood that prevailed throughout the defense industry. However, the faces of the company representatives and uniformed Self-Defense Forces officers present looked unusually glum despite Kitaoka's words.

Late last year at an ad hoc cabinet meeting, the government approved the Finance Ministry's draft of the FY95 general account budget. However, it is well known that major cuts were made in various areas as rumored concerning an "extremely austere budget." Defense-related spending was no exception and totaled 4.7236 trillion yen—an increase of 0.855 percent over the previous fiscal year. It was a pitiful state compared to the prosperous times some years ago when "a 6-percent rise over the previous year" was normal. Moreover, this year's growth rate was even less than the 0.9-percent increases of the past two to three years.

Nevertheless, for the defense equipment makers, the figures are not very significant. The reason is that the amount of "defense equipment spending" within the overall budget and defense equipment spending is "decided unofficially" several years in advance are the most important matters for the industry.

Incidentally, "defense equipment spending" roughly means funds for the procurement of "weapons" to equip the Self-Defense Forces such as tanks, aircraft and ships. The budget is not allocated for each single year, but a rough estimate is drawn up within the previous next-term defense buildup plan and the present Midterm Defense Buildup Plan (five-year plan covering fiscal years 1991-95), from which the amount for each fiscal year is apportioned. In other words, the frontline defense spending for FY95 was also basically "decided unofficially" in December 1990 when the Midterm Plan was set. Also, it is not an overstatement to say that the "chilling era" of the defense industry had actually begun at that point.

During this period, the industry was hit by two major blows. The first was when the Midterm Plan was decided. The frontline defense spending amount drafted at the time was 5.1 trillion yen. As an industry source states: "Compared with the 5.530 trillion yen for the previous Midterm Plan for 1986-90, it is a drop (on a nominal base) of about 9.6 percent," and it was a stringent beginning. Because Japan does "not export weapons," the spending amount for the defense industry equals the industry's market scale and its total revenue. Unlike the Western weapons makers who aggressively engage in competition for orders, the entire industry must divide up a limited pie.

The second blow came with the review of the Midterm Plan decided boldly in December 1992 by the Security Council of Japan and the cabinet council. It is called the "Revised Midterm Defense Buildup Plan," but it is so to speak a decrease in frontline equipment spending, or arms reduction. With this "revision," the initial 5.1 trillion yen was inevitably reduced further by 440 billion yen to 4.66 trillion yen, or minus 8.6 percent.

Introduction of AWACS an Unexpected Crunch

The "crisis" of Japan's defense industry may thus be said to have already begun in FY91 when the Midterm Plan started. Industry executives reveal their anguish as follows. "The initial stumbling block came with the Persian Gulf crisis which erupted in 1990. Due to the impact of having to eke out $9 billion and the aftermath of the collapse of the bubble, the Midterm Plan itself fell into a reduction mood. Although the 1 trillion yen level was maintained in FY91, it was reduced to about 990 billion yen in FY92. Furthermore, with the reappraisal, a gradual decline was seen in FY93 and FY94, and it fell below 800 billion yen in the final year of FY95.

Moreover, the industry's bitter experience was not limited to such superficial cuts in the budget. Another industry-related source points out its content as follows. "Frontline equipment is divided into two types: domestic production and imports. In other words, in a fiscal year of predominant imports, domestic production or orders received by Japan's defense industry inevitably drops. In FY93 and FY94, due to the "hasty" inclusion of an import contract for AWACS (U.S.-made airborne warning and control system planes) (worth 50-60 billion yen per plane; two planes a year for a total of four planes), of the aircraft contract figure within the frontline equipment spending, the domestic portion conversely declined despite a slight increase in the overall figure. Incidentally, the domestic portion for FY93 was on the 180 billion yen level, which is a considerable setback compared with the 250 billion yen level for the previous year."

Although the contract sum for aircraft in FY93 was 306.8 billion yen—up from 270.2 billion yen the year before, the inclusion of a contract for two AWACs made up about 40 percent of overall imports. This trend was also seen in FY94. In FY95, although the total figure is more than 250 billion yen or about 40 billion yen less than the previous year, due to the fortunate absence of any notable imports, the domestic portion conversely recovered to the 200 billion yen level, which is a "turnaround phenomenon."

Regarding this case, Kitaoka says with relief: "We are having a respite because there is no expensive purchase of foreign products for the coming fiscal year." However, it is a fact that cries of anguish are heard from the industry as follows. "The post-midterm plan for 1996 and later is still indefinite. For the industry, it is like continuing a cruise without a compass. Moreover, we feel concerned that there could be continuing changes almost every year like the current Midterm Buildup Plan."

In order to cope with such unstable factors and down-sloping situations, some major companies are already moving toward large-scale restructuring. "A certain company apparently plans to reduce its 1,100-man defense sector to about 820 workers over several years. Other companies are also moving toward similar measures to a greater or lesser degree" (a major company executive).

Japan's defense industry is viewed as having veritably plunged into a "twilight" era. The only cheerful note is the FSX (next-generation support fighter plane) scheduled for introduction by the Air Self Defense Force. However, the procurement of the FSX is speculated to be reduced from the initial 130 planes to 70 planes, and it is too early for conjecture.

PRC Sees Yen Rise Help Boost Investment

OW0505113095 Tokyo KYODO in English 1113 GMT 5 May 95

["News Focus" by Geoffrey Murray: "China Sees Yen's Appreciation as Boost to Investment"]

[FBIS Transcribed Text] Beijing, May 5 KYODO—China believes the yen's sustained appreciation against the U.S. dollar will result in more and bigger Japanese investments in its economic development.

But there are also signs of increased Japanese caution on investment caused by a mixture of concerns about inflation, future government policy and a variety of irritations at the local level, including an upsurge in labor unrest.

With China restructuring its investment guidelines and also phasing out the various incentives it has offered foreign investors in the past, a number of Japanese companies are thought to be either having second thoughts about their plans in China or deciding to go elsewhere where the climate is more relaxed.

China's Ministry of Foreign Trade and Economic Cooperation, however, remains upbeat.

"Direct investment of Japanese companies in China is likely to reach a new high this year because of the yen's appreciation against the dollar. In fact, the stronger yen will not only bring more investment but larger projects too," predicted Xu Changwen, a senior director of the Beijing-based International Trade Research Institute affiliated to the Chinese Ministry.

Government statistics show that last year China approved 3,018 new Japanese-funded projects, with contractual investment reaching 4.44 billion U.S. dollars, up 50 percent from 1993. The actual amount committed was 2.075 billion dollars, a 57 percent increase.

Japanese investment has risen rapidly since 1990, after a temporary halt due to Western economic sanctions imposed following the 1989 Tiananmen Square incident.

Xu said that the pledged capital to Japanese-funded projects last year averaged 1.47 million dollars, some 600,000 dollars more than in 1993.

The textile industry accounts for a strikingly high proportion of the Japanese investments, but in future capital is likely to flow more into agriculture, energy, transportation and other basic industries in line with the Chinese Government's policy to plug the nation's economic holes, the researcher predicted.

Japan is now the fourth largest investor in China after Hong Kong, Taiwan and the United States.

But despite last year's upsurge, and official expectations of a further good performance this year (though some foreign analysts believe the growth rate will actually fall significantly), Xu said Japan remained a minor player. At present contracted Japanese investment makes up only 5.3 percent of promised direct external investment, while Sino-Japanese trade accounts for a fifth of China's total (including 22.7 percent of its imports).

One obstacle, according to a Chinese analysis, is Japanese hesitation in transferring its latest technologies.

"They worry that China will some day become Japan's rival in the international market," said Shi Yonghai, vice president of the China Association of International Trade. "Such a misunderstanding has already cost Japan dearly so far as China's automobile industry is concerned."

For more than a decade, the Japanese were active in exporting their cars to China, but held back from the transfer of automobile manufacturing technologies. When they finally decided to take the plunge, they found themselves behind the Germans, French and Americans, Shi said.

"Hopefully the lesson has been learned. Maybe the big opportunity has been lost in the motor industry, but apart from automobile manufacturing technologies Japan still has many things up its sleeve and can be very competitive in the Chinese market if it has the will to be."

Some justification for the Chinese complaint is provided by the Chinese Ministry figures showing that technology imports from Japan, after hitting a historic high of 1.745 billion dollars in 1993, plunged by more than half last year.

On the other hand, Japanese companies operating in China have a mounting list of grievances which may threaten further growth.

In a recent interview with the London-based FINANCIAL TIMES, for example, Takeshi Nakayama, president of Toshiba Corp.'s operations in the northeastern city of Dalian—a strong focus for Japanese investment in the past decade—listed seven grievances which he said could hinder further investment.

The list included: an erosion in the favorable treatment for foreign investors, steep rises in the cost of doing business due both to inflation and arbitrary increases in business charges, labor disputes, policies that contradict international business practice (such as retrospective charges for infrastructure development), an unresponsive legal system for dispute settlement, the rapacious levying of fees and charges by local officials, and inadequate infrastructure facilities.

Because of this, Nakayama said Toshiba was delaying a decision on further investment in its Dalian plant, which manufactures electric motors for household appliances as well as printed circuit boards, and is looking at possible options such as switching some of the planned operations to Vietnam or the Philippines.

Japanese bankers say many companies are concerned about the problem of "hidden costs" of doing business in China, citing the example of labor costs turning out to be higher than expected. There are also concerns that Chinese workers are becoming more militant, and even being encouraged by the authorities to strike, to press their demands for higher wages and other perks.

According to one source, "Japanese companies are pausing for the moment. For this year at least they want to wait and see."

Nevertheless, there is an opposing view that Japanese companies simply cannot afford not to continue investing in China in view of the vast opportunities on offer in the long term.

Takemura Returns From Auckland ADB Meeting

OW0505035995 Tokyo KYODO in English 0248 GMT 5 May 95

[FBIS Transcribed Text] Tokyo, May 5 KYODO—Finance Minister Masayoshi Takemura flew back to Tokyo on Friday [5 May] from New Zealand, where he had addressed a Thursday meeting of the financial authorities of the member nations to the Asian Development Bank (ADB).

During his stay in Auckland, he urged ADB member states to speed up the process of negotiations designed to increase each member's contributions to the bank's fund, from which it has extended interest-free loans to Asian developing nations.

Russians Probe Aum on Suspicion of Bribery

OW0505050795 Tokyo KYODO in English 0358 GMT 5 May 95

[FBIS Transcribed Text] Moscow, May 5 KYODO—Russian law enforcement authorities have been conducting a probe into Japan's Aum Shinrikyo religious sect on suspicion it bribed a former top parliamentarian in connection with the purchase of a helicopter, a Japanese lawmaker said Thursday [4 May].

Koki Ishii, a member of the House of Representatives from the Liberal League, has been investigating Aum's activities in Russia and told KYODO NEWS SERVICE he has confirmed the probe from law enforcement authorities and parliamentary sources.

Ishii said the former Russian legislator, whose identity was withheld, is suspected of receiving cash from the sect in return for favor in purchasing a MIL-17 helicopter.

The MIL-17 helicopter owned by the sect was built in the Tatarstan Republic and the sect bought it for 78 million yen, Ishii said.

The helicopter passed customs procedures at Yokohama port in June last year via Azerbaijan, Slovakia, Austria and the Netherlands.

The former Russian lawmaker is from the Caucasus region and has a great influence in the area, he said. The former Russian parliamentarian met Aum founder and leader Shoko Asahara in 1992.

Aum expanded its activities in Russia while contacting top officials, including Oleg Lobov, secretary of the Security Council, and it claims to have 30,000 followers in Russia.

In April a Moscow district court banned Aum from conducting activities in Russia following Japan's police raid on the sect's facilities two days after the March 20 nerve gas attack on the Tokyo subway system that killed 12 people.

Police To Seek Senior Aum Member's Arrest

OW0505034895 Tokyo KYODO in English 0247 GMT 5 May 95

[FBIS Transcribed Text] Tokyo, May 5 KYODO—Police plan to seek an arrest warrant for a leading member of the religious sect Aum Shinrikyo who police believe is the chief of a group engaging in clandestine operations, police sources said Friday [5 May].

The sources said the 37-year-old woman heads Aum's agency in charge of new converts and taking back defectors as well as the sect's Nagoya branch.

The agency is one of sect organizations conducting illegal activities while directly controlled by the sect's head Shoko Asahara, the sources said.

The woman, whose identity was withheld, is suspected of directing branch members to take the 76-year-old mother of a member from her Nagoya home to an Aum compound in Kamikuishiki, Yamanashi Prefecture, west of Tokyo, on March 21 and of forging a withdrawal form to take some 6 million yen of the woman's savings from her postal savings account.

The sources said the agency recruits likely candidates for senior cult membership including for the sect's chemical team which police suspect produced the nerve gas sarin, and is also responsible for bringing back members who flee the sect.

Police suspect aum produced the nerve gas sarin at its facility in Kamikuishiki. Sarin was used in the March 20 attack on the Tokyo subway system that killed 12 people and made more than 5,000 others ill. Aum has denied involvement in the attack.

The sources said the arrest of the woman would bring them closer in their investigations to Asahara and shed more light on Aum's suspected illegal activities, including wire tapping, confinement and abduction.

Aichi prefectural police will soon question other members of Aum's Nagoya branch on suspicion that more than a dozen of its members were involved in the alleged abduction, the sources said.

They said the woman's 46-year-old eldest son, also a sect follower, had wanted to sell off family property and donate the proceeds to the group, but the woman strongly opposed this and urged him to leave the sect.

Police who searched Aum's facilities at Kamikuishiki on March 22 took the elderly woman into protective custody after finding her in a weakened state at a building. Doctors detected traces of an apparent psychic drug in the woman.

Police said the female sect member has served as a leading figure since Aum's inception.

North Korea

Dialogue on KPA Panmunjom Mission's Statement

SK0505101795 Pyongyang Radio Pyongyang in Korean to South Korea 1245 GMT 4 May 95

["Dialogue" between station reporters Kim Hye-kyong and Ko Chong-ho: "Just, Self-Defensive Measure"]

[FBIS Translated Text] [Kim] How are you?

[Ko] Fine. How are you?

[Kim] Fine. On 3 May, the Panmunjom mission of the Korean People's Army [KPA] issued a statement denouncing the U.S. side for persistently acting against our side's efforts to set up a new peace guarantee system, did it not?

[Ko] Yes, it did.

[Kim] The statement exposed the fact that the United States deliberately aggravated the situation on the Korean peninsula by further accelerating the arms buildup and war commotions in South Korea and instigating the South Korean puppets to perpetrate military provocations and war exercise commotions against us inside the Demilitarized Zone [DMZ], challenging our reasonable proposal.

[Ko] It really did. The KPA mission said in the statement that, upon authorization, the office room, the restroom, and the amusement room of the Neutral Nations Supervisory Commission [NNSC] in Panmunjom under our control will be sealed completely in connection with the fact that the United States has continued to commit the acts that go against our new proposal on setting up a new peace arrangement system. It also announced a step totally prohibiting the personnel and journalists of the U.S. Army side and NNSC officials from coming over to the section of our side in the Panmunjom Joint Security Area without permission. The statement, lastly, warned that if the U.S. side remains an onlooker to the arms reinforcement and military provocations of the South Korean puppets in the South side's area of the DMZ under its control, we will take steps concerning the position of the DMZ to cope with them, and will sharply watch the attitude of the U.S. side and take necessary steps.

[Kim] I think the measures taken by the KPA mission are extremely just, self-defensive measures to defend the nation's sovereignty and dignity.

[Ko] That is right.

[Kim] As you know, in April last year, our Republican Government put forward a proposal on setting up a new peace guarantee system and has taken a series of practical measures to realize the proposal on its own initiative. I think it was a reasonable proposal to stabilize the situation and maintain a durable peace on the Korean peninsula.

[Ko] Yes, that is right. The United States, however, withdrew its plan for the phased reduction of U.S. troops in South Korea, and has further stepped up an arms buildup and frequently staged military maneuvers against our Republic in accordance with its new East Asia strategy, challenging our proposal.

[Kim] That is right.

[Ko] According to the announcement of the U.S. military authorities, 150 Abrams tanks will reportedly be introduced into South Korea in May, and 24 Apache attack helicopters by the end of the year. In addition, the United States frequently staged joint military exercises by mobilizing various types of fighter planes and warships from its overseas bases and from the U.S. Air Force occupying South Korea, even after the announcement of the DPRK-U.S. agreed framework, further deliberately straining the situation on the Korean peninsula.

In April alone, the United States staged dozens of war exercises with the puppets and perpetrated aerial espionage acts on our Republic some 190 times. Not stopping with that, the United States announced its plan to stage a joint military exercise from late April to mid-May, by mobilizing the U.S. troops and the puppet army. This is a repetition of the "Team Spirit" joint military exercise and a grave violation of the DPRK-U.S. agreed framework.

[Kim] That is right. What is graver is that the United States needled the Kim Yong-sam puppet clique to build many fortified positions and military setups in the DMZ, a buffer zone with the Military Demarcation Line in between, and deployed a large number of tanks, armored cars, guns, and other heavy weapons there. What is more, the U.S. bellicose class brought thousands of armed bandits equipped with modern weapons into the DMZ and staged military provocations against our side almost every day.

[Ko] That is right.

[Kim] As a consequence, the South side's area of the DMZ has turned into an attack position for northward invasion contrary to the original mission of the zone. It is no longer a buffer zone for the prevention of armed conflicts between the two sides.

[Ko] That is right. Moreover, under a condition in which the Czech and Polish delegations have withdrawn from the NNSC and the mechanism is not available in accordance with Paragraph 37 of the Armistice Agreement, the U.S. side is still playing the game of holding regular meetings of the NNSC in an attempt to use the mechanism as a plaything to cover up its war preparations for aggression.

[Kim] That is right.

[Ko] All these acts by the U.S. bellicose class are an open challenge to our reasonable proposal on setting up a new peace guarantee system, and a maneuver to unleash a new war by infringing upon our sovereignty and intentionally aggravating the situation.

[Kim] That is right. We should never look on such insidious acts of the United States with folded arms. Our people deeply value the nation's sovereignty and dignity, and will not tolerate any act that violates and infringes on this. The measures taken by the Panmunjom mission of the KPA reflect our people's will and are extremely just. Our people are a people with revolutionary conviction who will do what we say we will do. The United States should clearly see our people's will and act prudently. If the United States continues to act in a way that infringes upon our people's sovereignty and dignity, we will take stronger measures. Let us conclude our discussion for today.

U.S., ROK 2,3 May Military Exercises Viewed

SK0505043395 Pyongyang KCNA in English 0424 GMT 5 May 95

["U.S., South Korean Warmaniacs Advised To Stop Running Wild"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The U.S. imperialist warmaniacs on Wednesday staged a long-distant non-stop flight and bombing exercise against the North with the air above Asan Bay, South Korea, as the operational theatre, according to military sources.

On the 2nd and 3rd, more than 630 fighter planes belonging to the U.S. Airforce in South Korea and the South Korean puppet airforce participated in an anti-North air battle exercise and the exercise of raiding targets on the ground and supporting field units in the skies above Yoju, Sangdong and Pochon, South Korea, while large-calibre artillery groups and groups of heavy tanks and armed bandits of the puppet army fired over 360 shells and 1,500 large-calibre machinegun and automatic rifle bullets toward the Demilitarized Zone.

This fully reveals the aggressive nature of the U.S. imperialist warmaniacs and the South Korean puppets.

If they persistently drive the situation of the Korean peninsula to confrontation and war, going against the trend of the time, they will have to hold themselves responsible for all the consequences to be entailed therefrom.

They must stop acting recklessly.

Commentary Warns ROK Against Provoking New War

SK0505063395 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 4 Apr 95

[Commentary by Kim Ho-sam: "An Extremely Dangerous Game With Fire"]

[FBIS Translated Text] A very grave situation in which people throughout world are concerned is now being created on the Korean peninsula.

As was reported, from 28 April to 2 May, the South Korean puppets flew all of their air force main fighters into the sky over the central and western sectors of frontline, including F-16, F-4, and A-37. Under these circumstances, they conducted a provocative and large-scale war exercise for the northward invasion during that day and night.

As concluding the exercise, the warmanics—who provoked the unprecedented war frenzy while conducting approximately 300 bombing strike exercises parallel with the puppets' ground troops' operation—made extremely war violent remarks without hesitation, stating that they can turn the area of the northern half of the Republic into ashes or bring it under their control in one stroke. This clearly shows how the puppets' war frenzy has reached a reckless stage.

As was known, the Kim Yong-sam ring, who conducted a large-scale offensive-oriented war exercise for northward invasion early April, by mobilizing several tens of thousands of the puppet army, navy, air force troops and reserves, announced that it would conduct a joint military exercise, a copy of the Team Spirit war exercise until mid-May, in coalition with the U.S. imperialist aggressive Army. It planed to conduct the large-scale war exercise in October and accelerated its preparations.

Also, the puppets are constantly conducting military provocative plots that seriously irritate us by introducing many heavy weapons—including tanks, armored vehicles, and guns—into the areas along the Military Demarcation Line and by bringing in the areas many armed bandits. Because of this, the situation is becoming extremely strained. Under these circumstances, the puppets play such an adventurous game with fire to make a surprise attack on the northern half of the Republic by mobilizing a great number of the Air Forces' armed forces. This clearly shows that they want to surely provoke a northward invasion war, as well as to achieve their ambition for reunification by defeating communism.

Even if the puppets loudly talk about peace, dialogue, and so on, what they actually pursue is to achieve their ambition for northward invasion by arms. This can be proved by the war-oriented absurd and violent remarks recklessly and loudly made by the puppets indicating that they can turn the northern half of the Republic into ashes or destroy it, even while conducting a war exercise to harm the same fellow countrymen.

The puppets' move to accelerate the arms reinforcement, to suppress people with rifles and knives, and to make the society become more fascist-oriented, or fully block North-South dialogue—which was even proceeded during the former military dictatorial period—originates from such act of theirs.

Under the situation in which all people rise in achieving reunification in the nineties based on their reconciliation and unity, the Kim Yong-sam ring challenges it by playing with fire. Therefore, the Kim Yong-sam ring is a vicious destroyer of peace and enemy of reunification.

As long as such a warmanic exists in South Korea, our people cannot escape from the danger of war even for a minute. It is natural for fire to break out if sparks occur frequently. We cannot see any guarantee that indicates that the extreme dangerous military movement by the Kim Yong-sam ring, who enjoy playing with fire, would not lead to the provocation of a new war.

The Kim Yong-sam ring, who are depressed due to isolation and rejection from home and abroad, are now trying to find out its way out by creating North-South confrontation and by provoking war. However, the puppets are miscalculating. We have a weapon of single-hearted unity, which is more powerful that any modern weapon, as well as have an invincible and powerful revolutionary Armed Force equipped with modern offensive and defensive means that can destroy any aggressor at one stroke.

Our people and the People's Army will never forgive those people who want to touch even a piece of grass in our fatherland. The puppets should clearly know that despite our repeated warnings, if they make a reckless attack upon us, they will be hit by strong lighting and their backbone will be broken. It is better for the Kim Yong-sam ring to act with discretion by cooling its head, which is running amok for a war.

Kim Yong-sam's 'Globalization' Policies Viewed

SK0505112095 Pyongyang KCNA in English 1112 GMT 5 May 95

["Falsity of 'Globalisation' on Lips of S. Korean Puppets Exposed"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—"Globalisation" on the lips of the traitor Kim Yong-sam is a colonial South Korean version of cosmopolitism, an aggressive idea of imperialism, and its deceptive, preposterous and reactionary nature has been brought into a bolder relief. Accordingly, it will face judgement by history and people and go bankrupt before long.

This is the topic of an article of NODONG SINMUN today contributed by Prof. and Dr. Pak Tong-kun under the title " 'Globalisation' on Lips of South Korean Puppets is Colonial South Korean Version of Cosmopolitism." The author of the article says:

The traitor Kim Yong-sam who has no philosophy, political idea, knowledge and qualification invented the preposterous word of "globalisation", a variant of cosmopolitism recited by his masters, in an attempt to find a way out of the crisis he is facing.

"Globalisation" clamoured about by the traitor Kim Yong-sam is nothing but a colonial South Korean version of cosmopolitism. This is borne out by the fact that he denies the nation and the state and dreams of building a "world with no borderline."

When the traitor Kim Yong-sam brought forward the expression "plan of globalisation" last year, he described "globalisation" as a "policy to coordinate competitions and cooperation" between states. Later, he prattled that "internationalisation is a concept meaning relations between states, while globalisation is a strategy to live with a strong competitiveness in a world where there is no borderline."

On January 25, he published the "Plan and Strategy of Globalisation" in which he referred to a new concept of "globalisation" with an explanation about "eight departmental tasks for globalisation and five meanings of globalisation". In this, however, he did not utter a word about "nation" and "state." This is enough to prove that "globalisation" is aimed at exterminating the Korean nation.

That "globalisation" is a colonial South Korean version of cosmopolitism is illustrated by the fact that it is intended to beautify the economy and culture of the United States, Japan and the like and push ahead with the total opening of the South Korean society so as to build a "worldwide economy" and "create culture with no nationality."

The South Korean puppets are claiming that "borders" must be erased in the domain of the economy in a bid to open all doors of the economic market as soon as possible.

In another development, they intend to allow foreigners to make their way into South Korea and open and operate schools and colleges and tv, film and press organs.

What they have in their mind is to complete the opening of the economy, culture and other domains by 1996 or 1997.

Worse still, they, crying for "globalisation of politics", are insisting that they should restructure the "government" and revise the "system of political parties", "election system" and other ways of political life.

In this sense, "globalisation" is a culmination of flunkeyism and treachery.

That "globalisation" is a colonial South Korean version of cosmopolitism is revealed by the fact that it is aimed at obliterating all things related to the independent development of the Korean nation and the country's reunification.

"Globalisation" is intended to emasculate everything national and patriotic and leave the present state of confrontation and division as it is.

As for "unification" brought forward by the traitor Kim Yong-sam with the talk about "world with no borderline", it is, in fact, tantamount to making the whole of Korea part of a world "with no borderline". In other words, this is a variant of the past fantastic dream of "unification by prevailing over communism" which is embellished with the new word "globalisation."

If the "globalisation" on the lips of the South Korean puppets is pushed forward, the colonial dependence of South Korea will become deepened still further, and a wet blanket will be thrown over the ardent desire of the South Korean people for reunification which is gaining momentum with each passing day.

"Globalisation" is an empty word conditional on the building of a fantastic "world community" which cannot be realised.

It is now opposed by the South Korean people and fellow countrymen for its anti-national and anti-popular essence.

ROK 'Anticommunist, Anti-North' Campaign Noted

SK0505052095 Pyongyang KCNA in English 0457 GMT 5 May 95

["Prelude to New Anti-Communist Campaign"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The Kim Yong-sam group searched the study of Prof. Pak Chang-hui of the University of Foreign Studies of South Korea and the chemical institute allegedly for an "additional investigation" on him.

He was already in prison on charges of "violation of the National Security Law."

Commenting on this, an analyst of NODONG SINMUN today says:

The puppets suddenly mobilized the "Agency for National Security Planning" to stage the drama of "additional investigation" and then announced that they discovered North-related books.

This was a premeditated act to fake up another shocking case with Prof. Pak Chang-hui as the victim for an anti-communist, anti-North smear campaign.

The Kim Yong-sam group is in a serious ruling crisis with the "local autonomous body elections" at hand. The traitor Kim Yong-sam and his "Democratic Liberal Party" are utterly isolated and rejected at home and abroad for the failure of the "policy toward the North and the foreign policy" and a series of eruptions of social vices caused by the anti-popular system and policy.

The shocking therapy is a habitual method used by the puppets each time their ruling system is in a serious crisis.

The "additional investigation" is a prelude to the concoction of a false case to turn the tables at the upcoming "elections."

However, this reminds one of a drowning man catching a straw. Although the Kim Yong-sam group tries to find a way out in a shocking therapy, it will add fuel to the anger of the people and precipitate its own destruction.

National Festival Preparatory Committee Formed

SK0505110495 Pyongyang KCNA in English 1043 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—A meeting of the International Korean Association (Unity) [IKAU] for celebrating the 50th anniversary of the liberation of the country as a grand festival recently took place in Tashkent city.

The preparatory committee of the IKAU for grand national reunification festival was formed at the meeting.

Kang Il, chairman of the association, and Sok Myong-son, vice- chairman of the association, were respectively elected chairman and vice-chairman of the committee at the meeting.

Meanwhile, preparatory committees were also formed at the organizations under the IKAU.

NDFSK Urges Defeat of ROK Ruling Party

SK0505111195 Pyongyang KCNA in English 1056 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The Central Committee of the National Democratic Front of South Korea (NDFSK) published an "appeal to all the people" on April 27 with the approach of "local autonomous body elections", according to radio Voice of National Salvation from Seoul.

The appeal called upon all the people to take part in the "elections" to lay a new stepping-stone for democratisation and defeat the traitorous "Democratic Liberal Party" [DLP].

The "local autonomous body elections" scheduled in South Korea in June is not a mere polling competition but an acute political confrontation between democracy and fascism.

The basic orientation of the immediate campaign for the "local autonomous body elections" is to deal a ceaseless blow at Kim Yong- sam and the "Democratic Liberal Party" under the slogan "Let us shatter the DLP's moves to monopolize the local autonomous body elections!" In the anti-fascist democratic movement to terminate the "civilian" dictatorship, the appeal said, and went on:

To smash the Kim Yong-sam group's attempt to monopolize the "local autonomous body elections" is the fundamental factor of victory of the national democratic forces in the "elections".

The appeal called for making a counterattack on the sham "commitments" and "charity offensive" of the Kim Yong-sam group and fully revealing its corruptions and swindles.

It called on people in Seoul, Inchon and Kyonggi Province to valiantly turn out in the struggle against the building of nuclear waste repository on Kurop islet.

It called upon the national democratic movement forces to immediately concentrate efforts on the struggle to probe the truth behind the Kwangju incident and punish the principal culprits and upon the Kwangju citizens to take the lead in the struggle for democracy against fascism, holding high again the flag of May dyed in blood.

The appeal called for turning out in the struggle to abolish the "National Security Law", a stick of repression, and dissolve the "Agency for National Security Planning", "Defense Security Command" and "Security Investigation Corps", a pandemonium of the "security-oriented rule" and "elections" rigging.

It appealed to the opposition and dissident forces to form a joint front against the "DLP", recommend a single candidate and reduce Kim Yong-sam and the "DLP" to a "regional president" and "regional party" localized in Pusan and South Kyongsang Province in the forthcoming "elections."

Causes of Taegu Gas Explosion in ROK Analyzed

SK0505051795 Pyongyang KCNA in English 0453 GMT 5 May 95

["Root Cause of Accidents Must Be Removed"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—It is only too natural that public figures of South Korea are lifting up their voices denouncing the traitor Kim Yong-sam as for gas explosion in Taegu, says MINJU CHOSON in a commentary today.

Pointing out that the root cause of accidents must be uprooted, the analyst of the paper says:

After taking office, the traitor Kim Yong-sam has committed only anti-national, anti-popular crimes, not taking measures to prevent continued large accidents, and has created an extreme disorder in society with irregularities and scandals to fill his own pocket.

The accident of the gas explosion is a product of the anti-popular, corrupt and incompetent politics of the Kim Yong-sam "regime".

The traitor Kim Yong-sam must not employ double-dealing tactics with the show of "apology" but step down from power, bearing responsibilities for all the accidents which took place one after another in South Korea.

'Corrupt Social System' Blamed

SK0505044695 Pyongyang KCNA in English 0429 GMT 5 May 95

["All Calamities in S. Korea Attributable To Anti-Popular Policies "—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—All the calamities in South Korea including the gas explosion at the subway construction site in Taegu on April 28, the collapse of the Songsu Bridge and the conflagration of a passenger boat last year are an inevitable product of the corrupt social system of South Korea and the anti-popular policy of the "civilian-veiled" Kim Yong-sam group, said the secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] in its information No. 682 released on May 3 in connection with the recent accidents in South Korea which are kicking up a great public stir.

It said:

South Korean people from all walks of life are strongly demanding that the Kim Yong-sam "regime" make a thorough probe into the cause and the truth behind the gas explosion and step down from power. And foreign news media are criticizing South Korea as a "hotbed of accidents" and a "kingdom of man-made calamities".

What the workers and other working people of South Korea have experienced in a little more than two years since the traitor Kim Yong-sam took office are not stable jobs and the improvement of livelihood but the worse living conditions than ever and labour accidents and victims of large accidents.

The South Korean workers and other people have come to a conclusion that to expect something from the blood-sucking Kim Yong- sam "regime" is tantamount to waiting for death.

The only way for the South Korean workers to evade labour disaster and improve their living is to topple the Kim Yong-sam "regime" and establish a genuine democratic government, stressed the information.

Removal of 'Root Cause' Urged

SK0405044695 Pyongyang KCNA in English 0443 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—The traitor Kim Yong-sam invited "representatives of labour and management" to "Chongwadae" [presidential offices] on May 2 and told them the companies and the working people "must pay special attention to safety lest unhappy things should recur" in the wake of the April 28 gas explosion in Taegu, a Seoul-based radio reported.

This is a despicable trick to shirk the blame for the gas explosion and cheat the people.

The tragic accident was a product of the anti-popular politics of the Kim Yong-sam group that has paid no attention to the safety of people while seeking only its personal pleasure and government security since it took office.

It was not without reason that the "Christian Broadcasting System" of South Korea ascribed the gas explosion to "neglect of safety conditions getting worse within."

As foreign mass media commented, the gas explosion in Taegu was a "typical man-made disaster caused by unreliable building operation and lack of management" and a reflection of extreme disorder and social confusion of South Korea.

The chief culprit of the gas explosion is the Kim Yong-sam group. The "civilian" fascist rulers are to blame for the tragedy.

As long as the Kim Yong-sam group remains in "power," the South Korean people cannot escape from disasters.

The root cause of misfortunes and disasters must be removed.

Japan Not 'Safe' in Case of Emergency in Korea

SK0505045695 Pyongyang KCNA in English 0439 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The Air Force chief of Staff of the Japan "Self-Defence Forces," Sugiyama, and the Air Force chief of Staff of the South Korean puppet army, Kim Hong-nae, reportedly had criminal talks in Seoul a few days ago to strengthen "military cooperation between the Air Forces" of Japan and South Korea.

This revealed the sinister intention of Japan and the South Korean puppets to strengthen "cooperative relations" in all armed services and invade the DPRK.

Having tightened military bonds through the exchange of fleets under the name of "military exchange," they plan to extend them to the Air Force.

The point is that the war confabs coincided with the reckless military provocations and war exercises of the South Korean puppets against the DPRK.

By doing so, the Japanese reactionaries seek to encourage the South Korean bellicose elements in their war hysterics for "unification by prevailing over communism" by force of arms, and then to fish in troubled waters.

What angers the Korean nation is the Kim Yong-sam group's criminal scheme to do harm to fellow countrymen by allowing the Japanese reactionaries, who are watching for a chance of overseas aggression, to stage a comeback.

These days the Japanese reactionaries and the South Korean puppets are blatantly crying out for "sanctions" in the wake of the serious impasse in the way of implementing the framework agreement between the DPRK and the United States.

It is well known what the position of the DPRK is toward "sanctions" and what consequences will follow the "sanctions."

If the South Korean puppets make a reckless military adventure in collusion with the Japanese reactionaries, they will meet a thousandfold retaliatory blow from the DPRK and end in self- destruction.

Japan will not be safe, either, in case of emergency on the Korean peninsula.

Vice President Meets Portuguese, Ghanaian Envoys

SK0405105595 Pyongyang KCNA in English 1026 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—Jose Manuel Duarte de Jesus, Portuguese ambassador e.p., and Kojo Amoo-Gottfreid, Ghanaian ambassador e.p., to the Democratic People's Republic of Korea, presented their credentials to Vice-president Yi Chong-ok at the Mansudae Assembly Hall Thursday.

After receiving the credentials, the vice-president had talks with the ambassadors.

Foreign Minister Meets Outgoing Malaysian Envoy

SK0405104795 Pyongyang KCNA in English 1024 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—Kim Yong-nam, vice-premier and foreign minister of the Democratic People's Republic of Korea, Thursday met and had a talk with Datuk Noor Adlan, ambassador of Malaysia to the DPRK, who paid a farewell call on him.

Foreign Leaders Support National Reunification

SK0405222295 Pyongyang KCNA in English 1517 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—State leaders of different countries, when they met DPRK ambassadors to their countries, expressed support for and solidarity with the Korean people's cause of national reunification.

Obiang Nguema Mbasogo, president of the Republic of Equatorial Guinea, said that the government and people of Equatorial Guinea would always express invariable support for and firm solidarity with the measures of the DPRK Government, the struggle for successfully accomplishing the cause of his excellency the great President Kim Il-song and the struggle for achieving the reunification of the country.

Quett Ketumile Joni Masire, president of the Republic of Botswana, said: President Kim Il-song made Korea a great country to which the world looks up. He provided a bright prospect of Korea's reunification. It is an immortal exploit performed by him.

Referring to the favourable development of friendly relations between the two countries, he expressed support and solidarity for the Korean people's cause of national reunification.

Francisque Ravony, prime minister of the Republic of Madagascar, highly estimated the achievements made by the Korean people in the economic construction and in the struggle for national reunification under the guidance of his excellency the great leader Kim Chong-il and voiced solidarity with the struggle of the Korean people.

State, Party Leaders Support Korean 'Cause'

SK0505110995 Pyongyang KCNA in English 1100 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—State and party leaders of different countries, when they met DPRK ambassadors to their countries, expressed support to the just cause of the Korean people.

Malian President Alpha Oumar Konare said Mali has expressed unconditional support for the just struggle of the Korean people to achieve the independent and peaceful reunification of the country. He wished His Excellency Kim Chong-il, the great leader of the Korean people, a long life in good health and the Korean people success in the socialist construction.

Congolese President Pascal Lissouba said that the Congo will as ever fully support the confederation formula for reunification and the Korean people's struggle to ensure peace and stability on the Korean peninsula.

Abdallah al Shahal, secretary of the Lebanese regional committee of the Arab Socialist Baath Party, voiced solidarity with the Korean people in the struggle to realise the sovereignty of the country and national reunification. He said that he will make efforts to develop the friendly and cooperative relations with the Workers' Party of Korea.

Indian Figures Support Korean Reunification

SK0405221495 Pyongyang KCNA in English 1506 GMT 4 May 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—Indian figures voiced support for the three principles of Korean reunification—independence, peaceful reunification and great national unity—put forward by the great leader President Kim Il- song.

Member of parliament Gurudas Das Gupta, in an interview with the KCNA New Delhi correspondent on April 26, said respected President Kim Il-song defined independence, peaceful reunification and great national unity as the basic principles of national reunification 23 years ago and, on this basis, advanced many fair and aboveboard proposals including the proposal for founding the Democratic Confederal Republic of Koryo and "10-point programme of the great unity of the whole nation for the reunification of the country" and made every possible effort to carry them into effect.

"The Indian people extend firm solidarity to all the people in the North and the South of Korea who are vigorously struggling to fulfil the behests of his excellency President Kim Il-song for reunification, united closely around general Kim Chong-il, the lodestar of Korean reunification," he said.

D.P. Maheshwari, chairman of the Indian Federation for World Cooperation and Cultural Relations, said in a statement April 24: "That Comrade Kim Il-song laid down the three principles of national reunification was an epoch-making event that provided a common framework for Korean reunification, the first of its kind in history. The international community welcomed the principles as the most just reunification programme for promoting the independent and peaceful reunification of Korea."

"The peaceloving nations and peoples across the world must promptly take a step to remove such a big obstacle to Korean reunification as the Kim Yong-sam clique," he stressed.

More Tourists Express Impressions of North

SK0405222095 Pyongyang KCNA in English 1513 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—Members of tourist groups of different countries expressed their impressions after visiting various places of Kaesong Municipality adjacent to the Military Demarcation Line and Panmunjom.

Song Yilei, president of the information centre of the Shanghai Academy of Social Sciences, China, said the division of one nation into two parts is a sad thing and that the Chinese people hope that Korea will be reunified peacefully at an early date.

Edware Widma Juniogn head of the Jeil tourist group of the United States, said that he felt sorry as an American for the continuous division of Korea.

The present situation of Korea is quite different from what he heard in the United States and the people of the United States as well as the world people should witness the present situation of Korea.

Hiroshi Imagoma, member of a tourist group from Japan, said that the U.S. troops must be withdrawn from South Korea at an early date, that the North and South of Korea must be reunified into one and that after reunification a great avenue linking the North and the South should be built so that people may come and go.

Russian Envoy Holds News Conference at Embassy

SK0505051695 Pyongyang KCNA in English 0433 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—A press conference was held on Thursday at the Russian Embassy in Pyongyang on the 50th anniversary of the Soviet people's victory in the Great Patriotic War (1941-45).

Present there were Korean newspaper, news agency and radio reporters, foreign correspondents and press attaches of embassies in Pyongyang.

Russian Ambassador Yuriy Fadeyev said at the conference that the Soviet people considered the war against fascist Germany as a just war, united for victory and displayed mass heroism in battles and labour, thus defending the country.

August 15 this year on which falls the 50th anniversary of the liberation of Korea is a common holiday of the Korean and Russian peoples, he said, adding that the Russian people express deep thanks to their Korean friends for taking care of the graves and monuments of the Soviet soldiers.

ROK Figures' Praise for Kim Chong-il Reported

SK0505104795 Pyongyang KCNA in English 1025 GMT 5 May 95

["General Kim Chong-il is Defender of the Nation's Destiny"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—Reverence for the great leader Comrade Kim Chong-il is ever growing among South Korean people, according to Seoul-based radio Voice of National Salvation.

A professor of political science of Seoul National University, So In-ho (assumed name), gave a lecture at Chaju (independence) school under the Seoul District Federation of General Student Councils, calling for worshipping the national hero.

Noting that General Kim Chong-il is the defender of our nation's destiny and the sun of life, he said:

"As General Kim Chong-il has led the nuclear confrontation between the North and the United States to victory, our nation has emerged from crisis and become the strongest, dignified nation in the world."

Prof. Kim Chol-chin of a university in Seoul said the adoption of the agreement for the resumption of DPRK-Japan talks is a victory of the North's independent diplomacy.

He continued:

"The North never resorts to sycophantic diplomacy.

"It has always maintained independent diplomacy with the dignity and interests of the nation put above anything else, on the basis of the great leader General Kim Chong-il's independent politics.

"Studying the North's politics for many years, I have keenly realized that General Kim Chong-il is an independent statesman who shapes and carries into effect all policies according to his own opinion in the interests of the people and the nation."

A dissident Chong In-mo said:

"Through the adoption of the agreement for the resumption of DPRK-Japan talks, I have understood that the greatness of the leader is just the prestige of the nation. The victory of the North shows the prestige of the nation depends on the greatness of the leader, not on the dimensions of territory or population.

"The great leader General Kim Chong-il is the master of leadership who is possessed of literary and military accomplishments. Under his leadership, the North has become the strongest country in the world."

Professor Publishes Article

SK0505105595 Pyongyang KCNA in English 1037 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—Yi Yong-chin, a South Korean professor of socio-political science, published an article titled "Negotiations Between the North and Japan and my Opinion" as regards the agreement for the resumption of talks between the Democratic People's Republic of Korea and

Japan adopted in Pyongyang on March 30, Seoul-based radio Voice of National Salvation reported.

The article said:

When the inter-governmental talks between the North and Japan, which had been held eight times since the Workers' Party of Korea and the Liberal Democratic Party and the Social-Democratic Party of Japan published a joint declaration in September 1990, broke down due to Japan's insincere attitude, the international community never thought that the bilateral talks would be resumed so early.

It is the general view of foreign experts of the North's affairs that the deadlocked talks are being successfully resumed entirely by the North's sincerity and earnest efforts as they were started by them.

In view of national conscience, historical reason and moral obligation, all the articles of the agreement are reasonable and intelligible.

I think that the agreement is a document which lets the whole world know of the North's merits.

The North has launched on the normalization of diplomatic relations with Japan without other's mediation, proceeding from the clear point of apology and compensation. In the latest agreement, too, it made clear that the North-Japan talks should be held on the basis of an independent stand. Japan agreed with it.

Then, how could Japan, which had pursued a policy of "encircling" the North with an ultra-rightist stand, come out to negotiations with the North and promise a thorough apology for its crimes against Korea, liquidation of the past and compensation to the North?

I think it is attributable to the powerful strength of the North's leadership.

The strength of General Kim Chong-il, the supreme leader of the Democratic People's Republic of Korea, can be said to be the general term of his life experience, philosophy, outlook on the world and political sense.

Under the leadership of the supreme leader Kim Chong-il with distinguished philosophy, brilliant intelligence, steel-like grit and superb strategy, the DPRK-U.S. talks were held successfully and the DPRK-Japan talks are now being brought to success.

The adoption of the latest agreement is a shining victory of the North's independent politics and diplomacy pursued by such a great statesman and diplomat as the supreme leader Kim Chong-il.

It is the present situation that South Korea is led by the United States and Japan and the latter is led by the North. As the supreme leader Kim Chong-il's politics and personality are great, the third world gathered in Pyongyang in the past and the capitalist world is now doing so.

Our people and nation are strong. There is no need to worry about national reunification and the future of the nation because Korea has the supreme leader Kim Chong-il as the sun of the nation, the savior of the nation.

People on Japanese Accord Role

SK0405140695 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 3 May 95

[FBIS Translated Text] According to reports by the Voice of National Salvation from Seoul, people at various levels in South Korea said that the adoption of the agreement for resumption of DPRK-Japan talks between the DPRK delegation and the delegation of the Japanese coalition parties is a fruition of the great leader [yongdoja] Comrade Kim Chong-il's wise leadership and could not repress their admiration.

Kim Chol-chin, university professor in Seoul, said that the adoption of the agreement for resumption of DPRK-Japan talks is a victory of North's independent diplomacy and said as follows: North Korea is carrying out independent diplomacy on the basis of the great leader General Kim Chong-il's independent politics, always giving top priority to the nation's sovereignty and interests. During the process of studying the politics in North Korea, I came to know that General Kim Chong-il is an independent politician who carries out all policies at his own discretion in the way that safeguards the interests of the masses and the nation. The recently adopted DPRK-Japan agreement is clearly a fruition of General Kim Chong-il's skilled diplomatic strategy that stems from his philosophy of independent politics. After seeing North Korea's independent politics and diplomacy, I could not stop myself from feeling proud about having the great General Kim Chong-il as the leader of the nation.

After seeing the adoption of the agreement for resumption of DPRK-Japan talks, dissident figure Chong In-mo said he came to have a new notion that the greatness of the leader equals national prestige, and said as follows: North Korea's victory shows that the national prestige lies in the leader's greatness, not in the size of the territory and the population. The great leader General Kim Chong-il is a great master of leadership who is equipped both with literary and military accomplishments. Because North Korea has General Kim Chong-il's leadership, it has become the strongest country. The big power's pressure or sanctions do not work on North Korea. Nor can it surprise nor make North Korea surrender.

After seeing North Korea's strong national prestige, he said he reaffirmed the truth that the masses' greatest fortune is meeting the leader well and proudly said that he has the dignity of being a member of the nation that upholds the great leader General Kim Chong-il.

Russian Medal, Diploma Awarded to Kim Chong-il

SK0505050295 Pyongyang KCNA in English 0431 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The great leader Comrade Kim Chong-il received the commemorative medal "50th Anniversary of the Victory in the 1941-1945 Great Patriotic War" on the occasion of the 50th anniversary of the Soviet people's victory in the Great Patriotic War.

The medal and its diploma were conveyed to Kim Yong-nam, vice- premier and foreign minister, by Russian Ambassadoro Korea Yuriy Fadeyev on Thursday.

Koreans in Japan Send Letters to Kim Chong-il

SK0505044495 Pyongyang KCNA in English 0421 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—Letters came to the great leader Marshal Kim Chong-il from organizations of the General Association of Korean Residents in Japan (Chongnyon).

The letter from the participants in the fifth enlarged meeting of the 24th council of the Federation of Korean Traders and Industrialists in Japan says they will strengthen and develop the federation to be a patriotic organization unfailingly loyal to General Kim Chong-il and prepare the traders and industrialists of thirties and forties to be patriotic forces ardently loving their leader and country, their nation and organization so that they can steadily carry forward the cause of patriotism.

The letter from the participants in the meeting marking the fifth anniversary of the inauguration of the Association of Koreans in Japan for Peaceful Reunification says they will remain faithful and devoted to respected General Kim Chong-il in one mind with a firm belief that they will surely emerge victorious only under his guidance, and glorify for all ages the undying feats performed by the great leader Generalissimo Kim Il-song in the history of the movement of the Korean residents in Japan.

In their letter the participants in the meeting held by Korean educationalists, scientists and students studying at Japanese schools to extend thanks to Marshal Kim Chong-il for the 131st instalment of educational aid fund and stipends expressed the determination of Korean educationalists in Japan to contribute to successfully rearing the Korean children to be true Korean nationals and ardent patriots infinitely loyal to him, firmly taking the national education as the startingpoint of patriotic activities.

The letters wish Marshal Kim Chong-il good health and a long life.

Cameroonian Assembly Sends Gift to Kim Chong-il

SK0405105995 Pyongyang KCNA in English 1027 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—A gift was sent to the great leader Comrade Kim Chong-il by the National Assembly of Cameroon.

The visiting president of the National Assembly of Cameroon, Cavaye Yeguie Djibril [name as received], handed it to Yang Hyong-sop, chairman of the Supreme People's Assembly of the Democratic People's Republic of Korea.

Kim Chong-il Sends Birthday Table to Woman

SK0505105795 Pyongyang KCNA in English 1040 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The great leader Comrade Kim Chong-il sent a sixtieth birthday table of benevolence to Kim Kwang-chu, mother of 8 soldiers of the Korean People's Army [KPA], whose eldest son is KPA officer Yi Chang-ung.

Kim Kwang-chu served the KPA when she was 17 years old and bravely fought in the front during the fatherland liberation war (June 25, 1950- July 27, 1953). She has displayed her wisdom and energies while working at different posts to remain loyal to the guidance of the party and the leader for scores of years since the postwar rehabilitation period.

Upon hearing of the report that Comrade Kim Chong-il was elected the supreme commander of the Korean People's Army, she decided to have her eight children enlisted in the Army to safeguard General Kim Chong-il with arms.

Comrade Kim Chong-il highly estimated their deed and complied with their desire. When they wrote a letter to him, he sent them his autographic reply letter of deep trust and love so that they could be known throughout the country as a family of soldiers.

Newly Appointed Envoys Visit Kim Il-song Statue

SK0405043795 Pyongyang KCNA in English 0432 GMT 4 May 95

[Spelling of names as received]

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—Foreigners called at the statue of the great leader President Kim Il-song standing on Mansu Hill here Wednesday [3 May] to pay reverence to him.

Among them were newly-appointed Portuguese Ambassador to Korea Jose Manuel Duarte de Jesus, newly-appointed Ghanaian Ambassador Kojo Amoo-Gottfreid and Malaysian Ambassador Datuk Noor Adlan and their companions, and tourist groups from Japan.

They laid bouquets before the statue of President Kim Il-song and made a bow.

The Ghanaian ambassador said his excellency the great leader Kim Il-song had performed great feats for the Korean nation and the world's people. "His exploits are a great wealth not only for the Korean people but also for the oppressed people of the world aspiring after independence," he added.

The Malaysian ambassador said that the cause of the great leader Comrade Kim Il-song for the prosperity and progress of the country would be everlasting. The future of Korea will be bright thanks to the cause started by him, the ambassador said.

Foreign Publications on Kim Il-song Reminiscences

SK0505104995 Pyongyang KCNA in English 1029 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The Ethiopian paper MONITOR, the Lebanese magazine AL DOUNYA and the Libyan paper AS SHAMS introduced the fifth volume of the anti- Japanese revolution, Part 1 of "With the Century," reminiscences of the great leader President Kim Il-song.

Referring to the publication of the fifth volume and its main content, the paper monitor said:

"President Kim Il-song looked back upon the days when he set up a guerrilla base of a new form in Mt. Paektu area and conducted military and political activities, relying on it.

"Created through such a struggle was the revolutionary spirit of Mt. Paektu, the invincible faith, the indomitable fighting spirit and the revolutionary spirit of self-reliance and hard struggle.

"This has been inherited by the second, third and fourth generations of the revolution.

"His reminiscences will be read by many people for its being the genuine textbook of revolution and construction and precious mental pabulum of love and struggle."

The Nigerian paper OBSERVER introduced "Immortal Flower" from the third volume of the anti-Japanese revolution.

Kim Il-song Work Publication Anniversary Marked

SK0505110695 Pyongyang KCNA in English 1049 GMT 5 May 95

["Famous Work Which Proves Invincibility of Our Socialism"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—NODONG SINMUN here today dedicates a by-lined article to the fourth anniversary of the publication of the famous work of the great leader Comrade Kim Chong-il "Our Socialism Centred on the Masses Shall Not Perish" (May 5, 1991).

The article says:

The main idea of the work is that our socialism centred on popular masses, the embodiment of the chuche idea, is the most advanced one in the world and our socialism under which people have become true masters of society and everything of society serves them shall not perish.

The work indicates that our socialism has an ever lasting vitality as it has been built with the chuche idea as its guiding idea and is guaranteeing an independent and creative life to the popular masses and it is based on the unity of the leader, the party and the popular masses.

Comrade Kim Chong-il said in the work that our socialism is the anthropocentric socialism embodying the great chuche idea.

The work clearly proves on the basis of the practical experience of our revolution that our socialism is the most advanced socialism centred on the popular masses firmly defending the demands of the working class and other people, the right of the nation to independence as well as the desire of the world people for independence because it embodies the chuche idea, the revolutionary idea of the era of independence.

Comrade Kim Chong-il notes in the work that our socialist system is the most advanced social system providing an independent and creative life to the popular masses and thus, it is fully displaying its great advantages and vitality.

The work eloquently proves that thanks to the wise leadership and great care of the party and the leader the hopes of the Korean people to lead an independent and creative life have been successfully realized in all spheres of political, economic and ideological and cultural life.

Comrade Kim Chong-il stresses that our socialism is invincible as the leader, the party and the popular masses have been singleheartedly united.

The work emphasizes the idea that the singlehearted unity of the leader, the party and the popular masses, the source of eternal vitality of our socialism, is based on the great love of the great leader Comrade Kim Il-song for the people and the benevolent politics of our party.

Working People Said Implementing Calls of WPK

SK0405104395 Pyongyang KCNA in English 1023 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—Working people of Korea have turned out in implementing the calls of the Central Committee of the Workers' Party of Korea published on its 50th foundation anniversary.

Those at the Tokchon area coal complex are these days increasing the daily coal output by 10 percent as against that of the previous month.

The colliers of the Wolbong coal mine and the Sochang youth coal mine are daily excavating a large quantity of coal or an increase of 50 percent above that of the previous month, by introducing a new cutting method.

The workers of the Kanggye youth power station are producing 150,000 more kwh of electricity than the daily quota.

Their fellows at the Pujongang, Changjagang and Changjingang power stations are overfulfilling their daily quota by 20 percent by well managing and keeping in good order the hydrotechnical construction.

Entering this month the workers of the Kim Chaek iron and steel complex are turning out 300 more tons of iron and steel on a daily average than that in the same period of the previous month.

A great upsurge is also being effected in production at the Sangwon cement complex, the Pyongyang vinyl chloride shoe-making factory, the Tongdaewon garment factory, companies under the Ponghwa general bureau and other units of the national economy.

Workers Receive Slogans, Increase Production

SK0505081395 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 3 May 95

[FBIS Translated Text] The entire working class of the plants and enterprises in various places, receiving with warm-hearted gratitude the party Central Committee slogans on the 50th anniversary of the founding of the Workers Party of Korea, launched itself into the struggle to implement the tasks set forth in the slogans with the firm resolve, "What the party decides, we will do."

The working class across the country is effecting a new upsurge in production and construction wholeheartedly wishing to greet the 50th anniversary of the party founding with high political enthusiasm and brilliant labor success by thoroughly implementing the party Central Committee slogans.

The working class charged with the leading sectors of the people's economy is effecting greater successes in the production of coal and electric power and in railway transport, bearing each word and phrase of the party Central Committee slogans deep in mind.

The coal miners of the Anju, Sunchon, Tokchon, and Kaechon districts are effecting new innovations in the production of coal with the revolutionary zeal to take the lead in the struggle to implement the tasks set forth in the party Central Committee slogans.

The working class of the Tokchon district coal mining complex, receiving the party Central Committee slogans, is increasing coal production daily by over 10 percent compared with the same period last month. The colliers of Wolbong coal mine in this coal mining complex waged a struggle to produce over 10,000 tonnes of coal per month per coal mining company, producing 50 percent more coal daily than in the same period last month. The colliers of Sochang youth coal mine are actively introducing new coal mining techniques, producing 40 percent more coal daily than the same period last month.

The working class of Kanggye youth power station, which lives and works at the glorious work site that the great leader and the dear comrade leader visited, is increasing the production of electric power by 150,000 kw more than the daily target these days with great pride and honor.

The working class of the Pujongang, Changjagang, and Changjingang power stations are producing more electric power with less water with pride in overfulfilling the target in the significant month of April, working scrupulously for the maintenance of hydraulic structures and operating the power generation facilities well.

Meanwhile, the railway transport fighters in various places, including those of Sopyongyang locomotive unit, Sinsongchon locomotive unit, Sariwon locomotive unit, and Chongju locomotive unit, are scoring gains in freighting by further intensifying the 5.18 no-accident, on-time, traction-standard-surpassing movement [based on the resolution of the fifth party Central Committee, 18th plenum].

The railway bureaus, railways, and locomotive units are transporting more cargo more speedily to the sites of socialist construction by effectively organizing and commanding transport and effectively utilizing the means of transport.

Power Stations in Yanggang Increase Production

SK0505021495 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 3 May 95

[FBIS Translated Text] Party members and working people of the operations station of the Yangang Provincial Small- and Medium-Size Power Stations, bracing themselves under the party Central Committee slogans on the 50th anniversary of the founding of the Workers Party of Korea, are waging a vigorous struggle to produce more electric power.

Comrade Kim Chong-nak, chief technician of the operations station of the Yanggang Provincial Small- and Medium-Size Power Stations, interviewed by station reporter An Ki-chun, said:

Upholding the party's intent, the functionaries and the electric power producers of the small- and medium-size power stations in the province are waging a vigorous struggle to increase electric power.

The functionaries of the small- and medium-size power stations in the province go to the small- and medium-size power stations in the province and vigorously conduct political work, encouraging the electric power producers. Therefore, some 20 small- and medium-size power stations in the province are waging a vigorous struggle to operate the generators at full capacity.

Among others, the electric power producers of the Hauntong Power Station of Kim Chong-suk County are increasing the daily production of electric power by 70 percent of the target through the effective management of water.

The generator operators of the No. 5 power station of the Karim- chon of Pochon County are overfulfilling the daily target of electric power production by over 10 percent, effectively carrying out the technological management and facilities management.

In particular, the functionaries and generator operators of the Yonam Power Station of Paegam County completed the water-way expansion project to normalize the electricity power production on a high level in the ice-thawing period, and are overfulfilling the daily target, operating generators at full capacity in an disadvantageous condition carrying on ice-breaking work.

The electric power producers of the small- and medium-size power stations of the province are striving to contribute to the prosperity and development of their country, their fatherland by increasing the production of electric power.

Scientific, Technical Achievements Reported

SK0405221895 Pyongyang KCNA in English 1509 GMT 4 May 95

[FBIS Transcribed Text] Pyongyang, May 4 (KCNA)—Korean scientists and technicians have made tremendous contributions to the chuche-orientation, modernization and scientization of the national economy.

The Institute of Electronics has developed new devices and electronic materials needed in microcomputers and manufactured different kinds of efficient robots.

Researchers in the heat engineering sector successfully introduced central heating and gas service in dwelling houses of rural villages and manufactured equipment for using low-calory coal for industrial purposes.

Scientists and technicians in the bioengineering sector have obtained seeds of high-yielding crops and made it possible to quicken the proliferation of domestic animals by applying the high-tech method of embryo transplantation.

Those in different sectors of the national economy solved [word indistinct] scientific and technical subjects of value last year to save 300 million kwh of electricity, 16,000 tons of steel and 142,640 mandays of labour.

New Scientific, Technical Books Published

SK0205152295 Pyongyang KCNA in English 1507 GMT 2 May 95

[FBIS Transcribed Text] Pyongyang, May 2 (KCNA)—New books have been published by some publishing houses in Korea.

"Generals of Welding" Vol. 1, "Theory on Powder Metallurgy", "Collection on Heat Engineering" and other books were published by the Science and Encyclopedia Press Group.

"Generals of Welding" contains technical matters on welding physics, welding metallurgy, arc welding and resistance welding.

"Koryo Medicine Pharmacy" and other books which will contribute to raising technical qualifications of medical workers and promoting health of the working people were published by the press group.

Consisting of generals and particulars, the book "Koryo Medicine Pharmacy" contains the general view on pharmacy of Koryo medicines, methods of pharmacy of Koryo medicines and treatises, experience and experiments on 200 kinds of Koryo medicines.

The industrial press group published "Design of Painting of Buildings" and "Embroidery".

The books "Embroidery," which consists of four parts, will contribute to elevating skills of embroiderers as it explains embroidery technique such as rough sketch, handicraft and machine embroidery.

The Agricultural Publishing House, the Railway Publishing House and other publishing houses, too, have published many books which give answers to questions arising in the development of agriculture and rationalization of railway transport.

End of 'Tragedy of National Division' Urged

SK0505103795 Pyongyang KCNA in English 1015 GMT 5 May 95

["Let Us Pull Down Wall of Division and Make Breakthrough for Reunification in 90s"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The reunification of the country is a noble patriotic cause for retaking the original features of the Tangun nation, a homogeneous nation, with a long history, and an honorable cause for achieving the prosperity of the nation, stresses NODONG SINMUN in an editorial today.

It quotes the great leader Comrade Kim Il-song as saying:

"To put an end to the tragedy of national division and reunify the country is the most urgent task facing the entire Korean nation today."

It is an unbearable disgrace and tragedy of the nation that the Korean nation, which has inherited one blood, one language and one cultural tradition for 5,000 years, with King Tangun as its ancestral father, lives divided into the North and South now, the editorial notes, and says:

What is important in pulling down the wall of division and accomplishing the cause of national reunification is to adhere to the principles and ways of national reunification advanced by Comrade Kim Il-song and apply them to the letter in the reunification movement.

The Korean nation in the North, South and overseas should hold fast to the three principles of national reunification and vigorously turn out in the struggle to reunify the country by founding the Democratic Confederal Republic of Koryo.

The decisive guarantee for smashing the criminal moves of the separatist forces within and without and accomplishing the cause of national reunification lies in strengthening the driving forces of reunification by achieving the great unity of the whole nation under the banner of "10-point programme of the great unity of the whole nation for the reunification of the country" worked out by Comrade Kim Il-song.

Even though the North and the South are different in ideology and system, they have the same national identity as a homogeneous nation whose ancestral father is King Tangun. All those who are concerned about the destiny of the nation, whether they be in the North, or in the South, or overseas, and whether they be communists or nationalists, rich or poor, atheists or theists, must, as one nation above anything else, achieve the great unity of the whole nation in the spirit of patriotism and national independence, the common ideal of the nation, transcending all their differences.

Those with strength devoting their strength, those with knowledge giving their knowledge and those with money donating their money, all should make a tangible contribution to the reunification of the country and the development and prosperity of a reunified land.

For the great unity of the whole nation to be achieved, reunification movement organizations in the North, South and overseas should conduct a vigorous joint struggle for national reunification in united efforts and strengthen solidarity among the three parties in the course.

Our fellow countrymen in the North, South and overseas must firmly unite as one and wage a valiant struggle to check and frustrate the aggression and intervention of outside forces and the flunkeyist treacherous moves of the separatist forces and crush the anti-communist, anti-North moves of the separatist forces who are inciting antagonism and confrontation among the fellow countrymen, clamouring about non-existent "southward invasion" and "communization".

Workers, peasants, students and other people in South Korea should resolutely turn out in the struggle to overthrow the Kim Yong-sam traitorous regime and establish an independent and democratic government, upholding the banner of independence, democracy and reunification.

The future struggle of the Korean people to pull down the wall of division and make a breakthrough for the reunification in the 90s will be arduous but its victory is in store because they have the great leader Comrade Kim Chong-il in the van of their movement for national reunification and the most correct principles, ways and strategy for national reunification put forward by Comrade Kim Il-song.

Completing Socialist, Communist Cause Stressed

SK0405223895 Pyongyang Korean Central Broadcasting Network in Korean 0935 GMT 3 May 95

[Unattributed talk: "A Programmatic Work That Enables Us To Complete to the End the Socialist and Communist Cause"]

[FBIS Translated Text] Twelve years ago, Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, published the immortal work, "Let's Advance by Highly Upholding the Banner of Marxism-Leninism and the Chuche Idea," on the occasion of the 165th birthday of Karl Marx and 100th anniversary of his death.

In his work, Comrade Kim Chong-il, who is a great genius of ideology and theory, profoundly summed up the great victory of our revolution and the lofty accomplishments and experiences achieved in its process, which was endlessly advanced under the banner of Marxism-Leninism and the chuche idea, and gave an overall explanation of the theoretical and practical problems rising in the struggle to complete the revolutionary cause and socialist and communist cause of the working class.

In the advance movement to model the whole society after the chuche idea, the truthfulness and justness of the ideologies and theories presented in the work were wholly proven, and is also being a banner of guidance to victoriously pioneer the difficult road of socialist and communist building.

The significance of the work most of all lies in providing a mighty ideological and theoretical weapon in the struggle for socialism and communism to the working popular masses including the working class.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out: Based on Marxism-Leninism and the chuche idea, our party correctly solved theoretical and practical problems arising in communist building. By doing so, according to the scientific strategy and struggle policy, our party is vigorously accelerating revolution and construction.

Socialism and communism are a historic cause to realize the popular masses' independence. They can be correctly advanced only under the ray of the great ideology.

With the birth of Marxism-Leninism in the past, it was possible for the working class and the working popular masses to have an understanding of the law of social development with a scientific world outlook, and based on this, they were able to vigorously carry out the struggle to fulfill their historic mission.

Today we have entered the struggle stage to completely realize the independence of the working popular masses. The great ideology elucidating that road is the immortal chuche idea. The fundamental purpose of the chuche idea is advocating and realizing independence. It is also a thorough revolutionary theory demanding that revolution be continued to the end until it is completely realized.

In the work, the theory on seizing the two fortresses of communism—the ideological fortress and material fortress—elucidated in the chuche idea, and the theory on the three revolutions—ideology, art, and culture—were systemized, developed, and enriched.

How to adhere to the two links between the people and their living environment, and ideology and material conditions is one of the principle problems in advancing socialist and communist building.

If communism is to be successfully built, the ideological fortress and material fortress of communism must both be seized. In other words, all members of society should be revolutionized, have a working class nature, and be intellectualized so that they can be made into communist men who are wholly developed. Also, productivity must be highly developed so that a material and technical basis can be accumulated in communism and be established into a single communist ownership. If we attach weight to seizing only one of the two fortresses and neglect to seize the other fortress rather than adhering to both of the fortresses, the superiority of the socialist system cannot be correctly manifested and the communist cause cannot be vigorously accelerated.

The chuche-based theory on the communist revolution prevents one from leaning toward the seizure of either the ideological or material fortress for communism, and presents the way to excellently seize both fortresses. This is the greatness of the theory.

The work holds that in order to seize the ideological and material fortresses and build a communist society, three revolutions—ideological, technological, and cultural—must be carried out based on a consistent, strategic line. The work also clearly sets forth the tasks and methods of the three revolutions. The victory of the socialist revolution and the establishment of a socialist system mark a historical turning point in achieving the socialist-communist cause, but it does not mean the consummation of the revolution. After the establishment of the socialist system, in order to overcome the remaining class differences and other differences and build a communist society, the revolution to clear up ideological, technological, and cultural backwardness must continue.

In carrying out the three revolutions, the ideological revolution must be given priority, and technological and cultural revolution must be simultaneously pushed forward. By adhering to this principle, the people's ideological consciousness can be reformed and make them communist people, and the revolutionary enthusiasm of the working people can be highly displayed, successfully carrying out economic and cultural construction.

The theory on the communist revolution elucidated by the chuche idea indeed correctly presents the revolutionary cause of the working class, the basic strategy and goals of the socialist and communist construction, and the implemental methods. The theory is a mighty ideological and theoretical weapon that enables us to achieve without bias the sacred cause to completely achieve the independence of the working popular masses.

Another significance of the work is the explanation on the guidance on correctly realizing the leadership in the socialist-communist construction. The struggle for socialism and communism, which calls for making one's way over untrodden roads, can successfully advance only with the great ideology that illuminates the road ahead, and with the tested leadership that leads the popular masses, who are directly in charge of the struggle. The basic question here is to guarantee proper, political leadership of the leader and the party of the working class.

The great leader Comrade Kim Chong-il's work gives complete answers based on the chuche idea to all questions of theory and actual practices arising in realizing the leadership of the party and the leader. In order to successfully build socialism and communism, the party—the guiding force—must be strengthened, and its leading role must be enhanced. Particularly, the party's unitary ideological system must be solidified so as to firmly guarantee the leader's unitary leadership. By doing so, the entire party can arm itself with the leader's ideology, firmly unite around the leader, and rise as one in implementing the leader's cause.

Managing the party with prospects in accordance with the demands in implementing the socialist-communist cause is an inevitable demand of party building. When the entire party's unitary ideological system is further thoroughly established, the party's organizational and ideological basis is ceaselessly strengthened, the party ranks are continuously strengthened, and the guiding force with a strong organizing ability is provided, the socialist-communist society, which is a highly organized society, can correctly move on.

To complete the revolutionary cause of the working class—the socialist-communist cause—to the end, the people's government, which is a mighty weapon for the cause, must be strengthened, and its function and role must be enhanced to actively organize and mobilize the general masses to the revolution and construction; and the working people's organizations, which are the party's reliable supporters, must be properly managed so as to firmly tie the masses of various classes to the party.

In particular, the League of Socialist Working Youth of Korea, the youth's single political organization, must be strengthened so that youth problems can be correctly solved. By doing so, the generation of the revolution will be carried on victory after victory.

Along with the leadership system regarding revolution and construction, what also has very important significance is to correctly solve the problem of the methods of leadership. Functionaries, who are the commanding members of the revolution, must have correct methods of leadership so that they can correctly educate the popular masses and actively inspire them in the revolutionary struggle and construction work.

Functionaries should sacrifice their lives and work for the popular masses always according to the demand of the revolutionary mass line and go into the masses to solve all problems in organizational activities. To achieve this, the great leader-style work method must be actively followed and learned.

Truly, based on the chuche idea and our party's practical experience, the work gives a complete theoretical and practical explanation in solving the problems of the leadership system and methods of leadership regarding the revolution and construction. Here lies the great historic significance.

The work also elucidated tasks on reunifying the divided fatherland; establishing our nation's sovereign rights from a national viewpoint; and opposing the imperialists and accelerating the whole world's independence.

Truly, the great leader [yongdoja] Comrade Kim Chong-il's work "Let's Advance by Highly Upholding the Banner of Marxism-Leninism and the Chuche Idea," systemized and developed and enriched the communist revolutionary theory and leadership theory elucidated by the immortal chuche idea. Therefore, it is a programmatic work leading the socialist and communist cause toward ultimate completion.

In the past, our party and people highly upheld the banner of the chuche idea and fought vigorously. By doing so, great advances were made in revolution and construction. The three revolutions—ideology, art, and culture—were vigorously carried out and amazing changes took place in all domains of human remolding, nature remaking, and social reform.

Today, the chuche revolutionary view of the world has been firmly established among our people; loyalty and filial piety toward the party and the leader were extraordinarily enhanced; the cohesion and unity of the party and people reached the highest level in single-hearted unity; and the communist virtue and the traditional virtue of Army-people unity in which the whole society helps and leads each other are in full bloom.

The chucheization, modernization, and scientization of the people's economy are being accelerated and at every place, including Pyongyang, many great monumental creations are being built. Therefore, the country's appearance changed completely. Also the great heyday of the chuche-oriented literature and art was unfolded. Thus it is being manifested to the whole world that rapid progress is being made in science, education, sports, and health work. Therefore, our party's communist building program which is modeling the whole society after the chuche idea was vigorously promoted.

The brilliant victory and results achieved by our party and people in carrying out the cause of modeling the whole society after the chuche idea are a lofty fruition achieved as a result of the great leader [yongodja] Comrade Kim Chong-il who is possessed with extraordinary wisdom and outstanding leadership, who highly upheld the banner of the chuche idea and vigorously pushed ahead with revolution and construction according to our own style.

Our party and people will highly uphold the outstanding and refined leadership of the great leader [yongdoja] Comrade Kim Chong-il, and by all the more vigorously advancing according to the one road of chuche, will achieve in advance the chuche revolutionary cause, socialist and communist cause, and the historic cause of the fatherland's reunification.

Progress in Tideland Reclamation Described

SK0505104395 Pyongyang KCNA in English 1019 GMT 5 May 95

[FBIS Transcribed Text] Pyongyang, May 5 (KCNA)—The reclamation of the Chongsu islet tideland, South Hwanghae Province in the west of the central part of Korea, has been completed to obtain 1,000 hectares of land and shorten some 28 kilometres of the coast line.

With many mountains and limited areas under cultivation, Korea has steadily increased investment in the tideland reclamation, attaching great importance to it.

Tideland reclamation has been vigorously accelerated in different areas along the west coast, with the result that hundred and scores of islets have been linked to land and more than 400 kilometres of the coast line shortened.

3,300 hectares of Kumsong tideland have been reclaimed in recent years to turn into a grain producer.

Three farms were formed on the reclaimed Kwaksan tideland and many other farms and villages made their appearance in the west coastal areas.

Solid material and technical foundations for tideland reclamation have been laid in the country.

Several general tideland reclamation enterprises with a large number of machines and technicians are based on west coastal areas.

The Institute of Hydraulic Engineering, the Institute of Tideland, the Institute of Agricultural Irrigation, etc. have satisfactorily solved scientific and technical matters arising in the reclamation and management of tideland.

The college of tideland reclamation, the high school of tideland reclamation, the college of hydraulic power and other educational institutions have systematically reared technicians and experts of this domain.

South Korea

U.S.-DPRK Non-MAC Officer Talks Opposed

SK0505032295 Seoul CHUNGANG ILBO in Korean 5 May 95 p 2

[By reporter Choe Sang-yon]

[FBIS Translated Text] In connection with the remarks: "We agree to it in principle but are reviewing it seriously," which U.S. Army Colonel Ormes, secretary of the UN side, made at the Military Armistice Commission [MAC] secretaries' meeting held on 3 May concerning the general-grade officers' contact between North Korea and the United States, the Ministry of National Defense [MND] on 4 May said the ROK opposes any contact between general-grade officers of North Korea and the United States outside the MAC channel. The MND said it is the firm basic position of the ROK Government that the North Korean demand for conversion of the armistice system into a peace guarantee mechanism is not an issue between North Korea and the United States but should be resolved through dialogue between the North and the South, which are the parties concerned.

An MND official stressed: We will strongly move against the North Korean attempt to incapacitate the Armistice Agreement.

In the meantime, Colonel Sullivan, head of the Public Information Department of the United Nations Command [UNC], on 4 May said: We resolutely reject the North Korean attempt to unilaterally destroy the foundation of the Armistice Agreement. The UNC will continue to observe the provisions of the Armistice Agreement.

However, since Col. Ormes responded positively to the North Korean-U.S. general-grade officers' talks, suspicion has arisen that the United States might try to take steps to replace the MAC, and there has been a rumor around the MND that there a preliminary contact was made between North Korea and the United States for the general-grade officers' talks.

NUB: DPRK Seeking Separate Peace With U.S.

SK0505025195 Seoul TONG-A ILBO in Korean 5 May 95 p 2

[FBIS Translated Text] On 4 May, Kim Kyong-ung, spokesman for the National Unification Board [NUB], commented on the steps taken by North Korea to close the office of the Neutral Nations Supervisory Commission [NNSC] in Panmunjom, saying: "Such action is aimed at negotiating a peace guarantee arrangement with the United States. North Korea should immediately stop making such plots and taking such actions."

ROK, U.S. Consider Relaxing DPRK Sanctions

SK0505083295 Seoul TONG-A ILBO in Korean 5 May 95 p 1

[FBIS Translated Text] It was learned on 4 May that the ROK and the United States are examining ways to allow South Korean enterprises to make large-scale investments of over $10 million in North Korea, as well as to allow U.S. enterprises to invest directly there in the event North Korea accepts ROK-model light water reactors and resumes North-South dialogue.

The plans being considered by the ROK and the United States to considerably relax sanctions against North Korea will include the following main points: allowing general trade with North Korea, allowing the remittance of money from North Korea to the United States [as published], allowing direct investment in North Korea by U.S. enterprises—which was not included in the "first-stage relaxation step" taken by the United States in January—and to allow large- scale investment by South Korea.

The government has so far allowed only negotiations for small-scale investment—less than $10 million—in North Korea, while the United States has not allowed general trade with the North, except for "humanitarian materials," such as food and pharmaceuticals. The United States allowed its enterprises to remit money to North Korea during the first-stage relaxation step implemented earlier.

The ROK and the United States will consider hastening the supply of 100,000 tons of heavy oil to North Korea, which is supposed to be provided to North Korea before 21 October, as well as the early opening of North Korean-U.S. liaison offices if North Korea accepts such proposals.

The United States is expected to present such a negotiating strategy to North Korea during the North Korean-U.S. high-level talks slated for mid-May.

NNSC Delegations Affirm Support for Armistice

SK0505041895 Seoul KBS-1 Radio Network in Korean 0300 GMT 5 May 95

[FBIS Translated Text] Today, delegations to the Neutral Nations Supervisory Commission [NNSC], including the Polish and Swiss contingents, publicly divulged that they would continue with the Armistice Agreement supervising activities in spite of North Korea's obstruction.

On 3 May North Korea publicly divulged that in cases where there was no prior permission from North Korea, the delegations to the NNSC would not be permitted to come into and go out of the northern part of the Joint Security Area.

Foreign Ministry on 2d U.S. Complaint to WTO

SK0505064595 Seoul HANGYORE SINMUN in Korean 5 May 95 p 2

[FBIS Translated Text] On 4 May the Ministry of Foreign Affairs made clear that the United States notified our government that on 3 May (local time in

Geneva) the United States filed a complaint against our country with the World Trade Organization [WTO] on the shelf life of foodstuffs (including meats). This is the second time—following the first complaint filed on 5 April—that the United States has filed a complaint against our country with the WTO with regard to the ROK's inspections and related procedures concerning imported agricultural products, such as grapefruits.

The government is planning to soon notify the WTO of its view that it will actively accept the problem-settlement procedure through the WTO, with regard to the U.S. complaint about the shelf life of foodstuffs.

Talks With U.S. on Customs, Quarantine Rules

SK0505074695 Seoul CHOSON ILBO in Korean 5 May 95 p 2

[Report by Kang Hyo-sang and Kim Sung-yong]

[FBIS Translated Text] Following the dispute settlement procedure of the World Trade Organization [WTO], the ROK and the United States had initial bilateral talks at the ROK mission in Geneva on 4 May. Chang Ki-chol, director of the trade bureau of the Ministry of Foreign Affairs, and (Shoyer), legal adviser to the U.S. Trade Representative (USTR), attended the meeting as senior delegates. During the meeting the sides had a bilateral discussion on customs clearance and quarantine in our country for fruit such as oranges and vegetables of U.S. origin, an issue the United States referred to the WTO.

Prior to this, the United States on 3 May sent our government an official letter in the name of the U.S. ambassador to Geneva requesting bilateral discussions with the ROK on the shelf life of sausages and meat imported into the ROK. The two sides failed to reach a compromise on this issue at the ROK-U.S. trade working committee meeting held in Washington on 26 April.

During the meeting on 4 May, our side claimed that the ROK is not violating WTO rules because effective April the ROK began to implement the "customs clearance first and inspection later" procedure ensuring speedy customs clearance, quarantine, and inspection procedures for fresh vegetables and fruit, and is planning to streamline its relevant systems.

However, the U.S. side asserted that the ROK's customs clearance and quarantine systems violates the most-favored-nation treatment and nondiscriminatory clauses stipulated by GATT and WTO and that this violates WTO rules.

If the two sides hammer out an agreement, the dispute will be settled through bilateral discussion; otherwise, the two sides will form a panel (a dispute settlement committee) for judgment by early 1996.

U.S. Demands Trade Talks on Shelf-Life Issue

SK0405062295 Seoul YONHAP in English 0535 GMT 4 May 95

[FBIS Transcribed Text] Seoul, May 4 (YONHAP)—The United States demanded Wednesday [3 May] that South Korea hold trade talks with the United States to discuss the shelf-life of meat and other issues in accordance with the World Trade Organization (WTO) dispute settlement procedures, a Foreign Ministry spokesman said Thursday.

A letter to that effect was delivered to South Korea's permanent mission at the United Nations office in Geneva by officials from the U.S. Trade Representatives Office there Wednesday, the spokesman said.

The Washington government has threatened to file with the WTO an action against South Korea for its government's practice of unilaterally designating the shelf-life of meat and other foods circulated on the Korean market, just after bilateral trade talks collapsed in Washington April 28 on the issue.

South Korea will maintain that it is simply exercising its rights guaranteed by WTO regulations while negotiating with the United States in accordance with the WTO trade dispute settlement procedures, according to the spokesman.

Under normal WTO dispute settlement procedures, a negotiation should start within 30 days of the start of the dispute and it should be settled within 60 days.

A WTO panel would then be set up to settle the case if bilateral talks could not resolve the case within the designated 60 days from the start of the dispute.

Environmental Rules Sought in Revised SOFA

SK0405021795 Seoul YONHAP in English 0145 GMT 4 May 95

[FBIS Transcribed Text] Seoul, May 4 (YONHAP)—South Korea is seeking to revise the Status of Forces Agreement (SOFA) to allow the South Korean Government to inspect United States military facilities in the country for environmental contamination and order the U.S. military forces to decontaminate any polluted soil before the United States returns the facilities to South Korea, a Foreign Ministry official said Thursday [4 May].

The ministry will strongly demand that a clause allowing inspections and requiring decontamination be included in a revision of the SOFA agreement when officials of foreign, environment and other relevant ministries meet with United States Forces [in Korea] [USFK] here for their biannual joint meeting on environmental contamination of military facilities used by United States forces, according to the official.

"The level of the environmental contamination is especially serious in the Osan and Kunsan Air Bases because the American air bases do not have waste water disposal plants," said the official.

He also said that a survey in 1993 of United States military facilities returned to the country revealed that those facilities were severely contaminated.

The SOFA agreement governing issues related to United States military forces stationed here, however, does not have any regulations which allow for environmental inspections, the official said.

"Officials at the Environment Ministry and the USFK have held routine meetings to deal with environmental contamination in American military facilities in the country," said the official who added that the meeting can just make recommendations to the USFK on environmental issues.

South Korea also plans to revise SOFA clauses that address the legal jurisdiction of United States forces stationed here and the labor rights of Koreans who work for the USFK, according to the official.

North Changes External Economic Cooperation Body

SK0405073995 Seoul YONHAP in English 0716 GMT 4 May 95

[FBIS Transcribed Text] Seoul, May 4 (YONHAP)—North Korea has reorganized its window for external economic cooperation by creating in the External Economy Commission a "General Bureau for External Economic Cooperation" which oversees four suborganizations, informed industry sources here said Wednesday.

The sources said that the "General Bureau" absorbed the Korean People's Industrial Development Council and oversees four subordinate organizations—the Rajin-Sonbong Guidance Bureau, the Korean People's Industrial Development Bureau, the Joint Venture Guidance Bureau and the International Joint Venture Corporation, according to the sources.

The major task of the Rajin-Sonbong Guidance Bureau is to induce foreign investors to help develop the special economic zone in the North Korean region.

The Korean People's Industrial Development Bureau is assigned to promote business cooperation with Koreans residing overseas while the Joint Venture Guidance Bureau is tasked with promoting and establishing joint ventures with foreign businesses.

The International Joint Venture Corporation is assigned to induce investments from Koreans living in Japan who belong to Chongnyon [General Association of Korean Residents in Japan], the pro- Pyongyang federation of Korean residents in Japan.

The sources said, however, that they could not confirm detailed assignments of the organizations as North Korea has not yet officially announced the reorganization.

Meanwhile, the director of the newly-organized General Bureau Yim Tae-tok did visit Beijing last month where he contacted foreign businesspeople, the sources disclosed.

DPRK Asks Cardinal To Delay Visit Until Aug

SK0505060995 Seoul CHUNGANG ILBO in Korean 5 May 95 p 2

[By reporter Choe Won-ki]

[FBIS Translated Text] On 4 May, a government source disclosed that North Korea recently asked Cardinal Kim Su-hwan, through an unofficial channel, to put off his visit to the North until August. This source expressed his concern, saying: "At a working-level, religion-related contact recently held in Beijing, North Korea asked that Cardinal Kim put off his visit to the North until August. It seems that North Korea intends to use Cardinal Kim's visit to the North to its advantage and have him go at the time the pan-national rally is being held."

On 3 May the ROK Government approved a request for eight religionists to visit the North.

DPRK Cancels Visit by U.S. Businessmen

SK0405022095 Seoul YONHAP in English 0139 GMT 4 May 95

[FBIS Transcribed Text] Washington, May 3 (YONHAP)—A planned visit by a second group of U.S. businessmen to North Korea has been canceled abruptly at the request of the North Korean Government.

James Zumwalt, former human rights advisor to the U.S. State Department, who was scheduled to fly to Pyongyang Saturday [6 May] leading a U.S. businessmen's delegation, said Wednesday that he had just been told by Pyongyang officials that the planned visit was canceled.

Zumwalt said he was not aware of the exact reasons for the cancellation, merely saying that he had been given indications that North Korea is encountering difficulty securing accommodations due to a rush of foreigners who have come to see the just-finished sports and cultural festival.

Asked if the North Korean visit had been called off or simply delayed, he replied he did not know at the moment. He expressed a hope, however, that the visit will be realized "in the near future."

Zumwalt, who now runs a consulting company, last visited Pyongyang in February when he led representatives from 11 U.S. firms, including the MCI telephone company and the FCI group from New York, and discussed possible business links with North Korean authorities.

He had formed a second group of delegates with representatives from five or six firms that were not included in the first delegation.

North Korea reportedly notified Zumwalt of the abruptly canceled visit via a Malaysian intermediary firm.

DPRK Invited to Regional Security Talks

SK0405032195 Seoul YONHAP in English 0233 GMT 4 May 95

[FBIS Transcribed Text] Seoul, May 4 (YONHAP)—Five Northeast Asian nations recently agreed to make an effort to ease the tense atmosphere of the region by inviting North Korea to a regional security dialogue, a Foreign Ministry spokesman said Thursday [4 May].

Officials, scholars and military officers from South Korea, the United States, Japan, China and Russia, who met in Moscow for three days starting from April 26 to discuss the third Northeast Asia Cooperation Dialogue (NEACD), also agreed to set up two "study projects" to establish principles for relations among Northeast Asian nations and to develop measures that will guarantee political, economic and military confidence among themselves, according to the spokesman.

Song Yong-o, senior coordinator for security affairs at the Office of Policy Planning, represented South Korea at the meeting held under the auspices of Russia's Institute for Oriental Studies and the Institute of Global Conflict and Cooperation (IGCC) of University of California, San Diego, the spokesman said.

The fourth NEACD meeting is scheduled to be held in Beijing in January or February next year, he said.

Government To Drop Tariffs on Some Imports

SK0405011995 Seoul THE KOREA TIMES in English 4 May 95 p 8

[FBIS Transcribed Text] The government is moving to levy tariffs much lower than the Uruguay Round [UR] rate on additional imports of foreign agricultural products for which domestic demand has recently increased greatly, threatening price stability.

According to the Agriculture-Forestry-Fisheries Ministry, the primary items for which exports in excess of current market access (CMA) levels are being considered include starch and sesame.

However, the government's move is inviting strong objections from domestic farmers who accuse it of breaching the "protection shield" against reckless agricultural imports.

The minimum market access (MMA) which the administration promised to grant foreign nations this year under the UR agreement for farina is 38,972 tons. However, Korea bought 73,000 tons of the product last year, 87.3 percent over the MMA.

Sesame's MMA this year was 6,700 tons. But last year's imports were more than 10 times this at 72,000 tons.

The UR's concession tariff rate, or the "in quota tariff rate," for starch is 8 percent, while that for sesame is 40 percent.

To curb reckless imports, the government stipulates that 424.3 percent tariffs will be levied on the over-quota imports of starch and 693 percent ones will apply for those of sesame.

The high tariffs on the over-quota imports are sure to be passed on to consumers. Therefore, the ministry is considering lowering the "over quota tariff rate" in an effort to keep farming product prices stable.

An official at the ministry revealed yesterday that the government is considering importing additional starch and sesame beyond that the nation bought last year.

He said that it is unrealistic to impose a high-rate tariff on additional imports of starch because it is widely used in the production of instant noodles, other processed foods, cosmetics, medicines and feed for eels.

Restrictions on Foreign Banks, Securities To End

SK0405021095 Seoul YONHAP in English 0135 GMT 4 May 95

[FBIS Transcribed Text] Auckland, New Zealand, May 4 (YONHAP)—South Korean Finance and Economy Minister Hong Chae-hyong declared Thursday [4 May] that the government would lift restrictions on foreign banks and securities houses planning to do business in the country.

In a keynote speech delivered on the second day of the Asian Development Bank's (ADB) general meeting here, Hong said foreign banks wishing to do business in his country would now be allowed to open a branch immediately, free from the current requirement of having to maintain a representative office for at least two years before being allowed to open a branch.

The government will also scrap the economic need testing of foreign securities houses planning to open a branch or a representative office in the country in order that they may have easier access to the securities market in South Korea.

In order for foreign companies to do business in South Korea under current laws, they must first set up a branch or a locally- incorporated subsidiary in the country and their representative or liaison offices are allowed to do market surveys and information gathering for the head office only.

Hong also told the ADB meeting that South Korea would gradually increase its official development assistance to developing countries in the region, adding that the country's voting rights in the regional bank should be increased to an appropriate level in order for such economic cooperation to be effective.

Noting that the Asian regional economy grew more than twice as fast as other regional economies last year, he called on the ADB to focus its programs on supporting infrastructure expansion projects in developing countries, implement anti-poverty, manpower development and affirmative action programs and pursue natural resource development and environment preservation programs.

Joint Samsung-Toray LCD Driving Semiconductor

SK0405011795 Seoul THE KOREA TIMES in English 4 May 95 p 8

[FBIS Transcribed Text] Samsung Electronics and Toray of Japan have agreed to set up a joint venture for the production of LCD (liquid crystal display) driving semiconductors, Samsung officials said yesterday.

According to them, the joint venture will make it possible for the leading maker of semiconductors to acquire sophisticated tape automated bonding (TAB) technology.

The TAB technology is critical in the assembly of semiconductors for driving LCDs and the establishment of Steco Co., the name of the venture, will go a long way to enhancing the localization ratio for chips and their assembly equipment.

Toray is one of the world's leading companies in the fields of textiles, chemicals and new materials.

Samsung's Kim Chong-hyon said details of the joint venture, in which Samsung will provide 51 percent of the total investment of 24 billion won (30 million dollars), will be worked out by the end of the month.

"Production of the assembly systems will begin sometime in the second half of next year after the manufacturing facility is completed at Chochiwon, in Chungchongnam-to," he said.

Kim added that the acquisition of the TAB technology will be instrumental in developing Samsung expertise in the production of non-memory customized chips such as ASIC (application specific integrated circuits).

He explained that the new company will have a production capacity of more than 10 million units by the end of the decade and an annual turnover of 100 billion won (130 million dollars).

Support Planned for Sakhalin Repatriates

SK0505042895 Seoul YONHAP in English 0407 GMT 5 May 95

[FBIS Transcribed Text] Seoul, May 5 (YONHAP)—The government is working out devices supporting the livelihood of Koreans returning from Sakhalin to live in their home country permanently, a government official said Friday.

The government support program, now under study in the name of "demonstration project for the Koreans living in Sakhalin," includes the payment of pensions and various other benefits for the repatriates so that they can lead their lives in the country without great difficulties.

The official explained that the Koreans returning from the Russian island from the latter half of this year will have to give up the pensions they have been paid from the Russian Government and then they will have to be compensated in one form and another.

"The government support programs will include the payment of pension, arrangement of jobs and other welfare benefits that will help them easily settle in their home country," he said.

Under the support program, the government is also planning to create a new clause to the present pensions law so that the repatriates could obtain government's financial benefits, he said.

The government's "demonstration project" for the Koreans in Sakhalin was worked out at the foreign ministers meeting between South Korea and Japan in 1993, where they agreed to construct apartments in South Korea to accommodate some 500 households and a sanatorium that will house about 100 persons.

DP President Wants Meeting With Kim Yong-sam

SK0405031995 Seoul YONHAP in English 0248 GMT 4 May 95

[FBIS Transcribed Text] Seoul, May 4 (YONHAP)—Yi Ki-taek, major opposition Democratic Party (DP) president, proposed Thursday [4 May] that he and President Kim Yong-sam hold a meeting to discuss issues concerning state affairs.

In a news conference at the DP's headquarters in Mapo, Seoul, the opposition leader proposed the meeting, claiming that President Kim should be held "totally accountable for the rupture of dialogue channels between ruling and opposition parties."

Yi said his party will determine their future course of action after the meeting with the chief executive.

"Never has the government and ruling party responded to our calls for normal operation of the National Assembly, since the beginning of this year," he contended.

He maintained that his party will continue its struggle against the government with the help of the people by utilizing all means available if the ruling party refuses his proposal for the high- level meeting.

Referring to the tragic gas explosion in Taegu last week, Yi insisted that President Kim make sincere apologies to the people and urged the government to reprimand the Taegu mayor, the prime minister and other ministers concerned in connection with the blast.

He also called on the government to conduct another completely separate investigation of the accident "as the incumbent regime is only trying to cover up the accident without digging out what really happened."

National Assembly To Meet on Taegu Explosion

SK0405125795 Seoul YONHAP in English 1251 GMT 4 May 95

[FBIS Transcribed Text] Seoul, May 4 (YONHAP)—National Assembly speaker Hwang Nak-chu on Thursday evening posted that the 175th extraordinary session of the National Assembly will be opened on May 8 to discuss the issue of invoking the parliamentary right to look into the recent city-gas explosion in Taegu.

The speaker said the call of a new assembly sitting is in accordance with request by 99 opposition Democratic Party lawmakers and one independent, Rep. Cho Sunhwan.

DP Elects Cho Sun as Seoul Mayor Candidate

SK0305142795 Seoul YONHAP in English 1140 GMT 3 May 95

[FBIS Transcribed Text] Seoul, May 3 (YONHAP)—The opposition Democratic Party [DP] Wednesday afternoon formally chose one-time Deputy Prime Minister Cho Sun as its candidate for the coming Seoul mayoral election.

In a runoff vote, Cho defeated his rival contender, Party Vice President Cho Se-hyong, to obtain the party's mayoral candidacy.

Of the total 807 valid votes, Cho Sun garnered 495 votes and Cho Se-hyong 312.

In the initial vote, none of four contenders obtained the simple majority, obliging the two largest vote-gainers to compete in the runoff.

Initially Cho Sun earned 320 votes, Cho Se-hyong 204, Hong Sa-tok 172 and Yi Chol 127.

The vote took place at the DP Seoul chapter's nomination rally held at the weightlifting gymnasium in the Olympic Park. A total of 832 chapter delegates took part in the votes.

Cho Sun, who joined the opposition party only two weeks ago, was supported by the party mainstreamers led by party head Yi Ki-taek and Kim Tae-chung, Asia-Pacific Peace Foundation chairman.

In a victory speech, Cho Sun said he would win in the Seoul mayoral election by all means and thereby would set stage for the later seizure of power by the Democratic Party.

Saying he was appreciating the efforts made by the three defeated contenders, Cho said he personally hopes the three men will take charge of his election headquarters.

Cho Sun, born in 1928, studied economics at Seoul National University and obtained his Ph.D. in economics from the University of California.

After returning home, he taught at Seoul National University for nearly 20 years.

He served as deputy prime minister and concurrent economic planning minister in 1988-90 and as Bank of Korea governor in 1992- 93.

Kim Yong-sam Message Marks Children's Day

SK0405113895 Seoul YONHAP in English 1127 GMT 4 May 95

[FBIS Transcribed Text] Seoul, May 4 (YONHAP)—President Kim Yong-sam, in his message marking the 73rd Children's Day Friday, urged the country's children Thursday afternoon to harbor big dreams and be dutiful to their parents.

Reminding children that they will become "national leaders in the 21st century," the chief executive said, "each of you must work harder with big dreams."

"Homes in which parents love their children and in which children respect their parents form the very strength of our country," he said.

Kim also called on children to study hard, respect their teachers, value their friends and care about their neighbors.

"Only when you children behave yourselves, abide by all rules and order and refrain from committing things harmful to others, will you grow to be good citizens," he said.

President Kim told the children that South Korean-made semiconductors, computers, automobiles, ships, steel and machine products are sold around the globe, and that the nation's engineers and technicians are constructing plants, dams and ports at many places in the world.

"You must be proud of your country and feel grateful to your elders who have undergone all sorts of hardships in making such a wonderful country," Kim said.

Push for Diverse Ownership of Firms' Discussed

952C0087B Seoul CHUGAN MAEGYONG in Korean 1 Mar 95 pp 26-27

["Five Experts Assess the Government's Fair Trade Policy and the Business Groups' Restructuring Plans"—CHUGAN MAEGYONG headline]

[FBIS Translated Text]

> Question 1: To prevent the concentration of economic strength in individual groups, the government is tightening the limits on legal total investment. In the same context, it demands that they cut the numbers of subsidiaries. At the same time, it is strongly pushing for diversification of ownership. What is your view of these government policies?
>
> Question 2: How do you appraise the restructuring plans announced by Samsung, Hyundai, and Daewoo? What supplementary measures do you think they need in the future?

[Experts' answers:]

Prof. Chong Kap-yong, economics, Yonsei University:

1. I find it a desirable thing that the government is inducing conglomerates to diversify their ownership. I also find it advisable to diversify ownership presently concentrated in specific persons. However, I am against the idea of preventing concentration of economic strength by limiting total investment. For businesses to

survive competition, it is legitimate for a parent company and its subsidiaries to maintain a special relationship. The attempt to remove such a relationship over a short period is unreasonable.

2. With regard to the moves being made by certain groups to shift from their present conglomerate-style management to small-group management, I think that their decision is a desirable one. This is because, in a business environment like today's in which the decision-making process is complex, I feel that the present system is not practical. However, getting all subsidiaries to operate independently involves some difficulties. Different industries should have different types of management. It is an issue to be decided on a case-by-case basis depending on whether an industry is fully developed or requires continued investment. For instance, enterprises in a fully developed sector like the textile industry will be better off shifting to independent management while firms requiring continued, sustained investment like high-tech ventures should be allowed to enjoy the synergy effect.

Prof. Yi Song-sun, economics, Songgyungwan University:

1. The general direction is good. It is important that the government is prepared to promote the diversification of ownership over a certain period. The present concentration of ownership in this country is the result of the accumulation [of ownership] over the past 20 years, a period so short that it is inconceivable in the advanced capitalist nations. Still, it is difficult to think that its diversification can be achieved rapidly just because it arose in such a short time. My feeling is that the government is being overly hasty. I understand that the Chongwadae [Presidential Office] 21st Century Committee is also of the opinion that authorities should give the process enough time. The issue will be fully resolved after two or three generations, as the capital market takes its course of development. The diversification process will pick up speed as corporate takeover markets develop.

2. The small-group management plan seems to be the result of an internal, corporate need combined with government pressure. As enterprises grow in scale, they inevitably face larger cost problems. Small-group or independent management represents a favorable direction.

Kim Chung-ung, director, Hyundai Socioeconomic Research Center:

1. The issue of concentrated ownership will be resolved automatically over a period. If the government should force diversification, it would cause problems. The government should modify its perspective. Things that would effectively restrict enterprises to domestic markets more than they do now should be avoided. Monopoly and oligopoly would be problems only when viewed from the standpoint of domestic markets; when viewed from the standpoint of the global market, we simply have no corporations that deserve the label of monopoly or oligopoly. It is the same with strategic ties. To tie up with world corporations is, from the government's perspective, also a form of diversification. It is tantamount to the so-called octopus-type expansion of business lines. But no country in the world has restrictions on strategic tie-ups. This is the time to change our way of thinking.

2. The big business groups' planned shift to small-group management appears to be a response to government policy. It should not be just for the sake of form that they follow the government policy. If they have come up with the small-group plan after recognizing that they need it for competitiveness, they only have to make efforts for it in the future. Now that businesses have responded to government policy, the latter should also act to grant their request for plant-and-equipment commercial loans.

Yi Yun-ho, director, LG Economic Research Institute:

1. I approve of the policy of diversified ownership. However, an overly hasty push could cause problems relating to the right-of-management protection clause. In short, it is nonsensical for the government to try to restrict the number of subsidiaries by limiting total investment. Businesses should be allowed to have as many subsidiaries as they need for their managerial style and efficiency. I disapprove of the government policy seeking an unconditional cutback on the number of subsidiaries.

2. The outcome of the separation of subsidiaries will be determined eventually by the efficiency factor. Small-group management could lead to wastes of resources because of duplicate investment between subsidiaries. It could also give rise to reluctance to invest in sectors that require large financial resources.

Yi Kyong-tae, industrial policy director, Korea Institute for Economics and Trade:

1. Diversifying ownership is inadequate as an indirect way to prevent concentration of economic strength. The government should press on with the gift tax and other tax policies and letting firms go public. I approve of the government policy of tightening the total-investment limit from 40 percent to 20 percent of the owned capital. That is because we can, through that limitation, prevent the so-called octopus-type expansion of business lines.

2. Increased self-regulation will lead to faster decision-making. There is one problem, however: they will likely run into greater difficulties in raising funds than in the past.

Burma

Khin Nyunt Receives Japanese Diet Delegation

BK0405162595 Rangoon Radio Myanmar in Burmese 1330 GMT 4 May 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], received Mr. Tatsuo Ozawa, member of the Japan's Lower House [LH] and chairman of the Association of Japanese-Myanmar Members of Parliament; Kawaki Nishimura, member of the LH; and party at the Defense Ministry's Dagon House at 0800 this morning.

During the meeting, Mr. Tatsuo Ozawa says the Association of Japanese-Myanmar Members of Parliament, and the associates who have good intentions for Myanmar welcome the changes in Myanmar and are willing to provide assistance for progress and development, and welcome the present development programs. Next, SLORC Secretary-1 Lt. Gen. Khin Nyunt cordially explained the successful implementation of the state government's political and economic objectives, the utmost efforts for the development of border areas and national races, and the return of armed groups in the jungle to the legal fold.

KNU Urges Chuan To Mediate With SLORC

BK0305090595 Bangkok THE NATION in English 3 May 95 p A5

[FBIS Transcribed Text] Mae Sot—Karen guerrilla leader Gen. [General] Bo Mya has reiterated his call for Prime Minister Chuan Likphai to initiate peace talks between his embattled Karen National Union (KNU) and the Burmese junta.

In a letter to Chuan dated April 15, Bo Mya said his group declared a unilateral ceasefire on March 24 to move closer towards peace talks.

He said he expects the military junta—the State Law and Order Restoration Council (SLORC)—to reciprocate with "a productive response", but "so far we have received no response from SLORC about the peace talks".

It was the second time Bo Mya has urged the Thai government to help convene peace negotiations between the KNU and SLORC. The Karen leader sent a letter dated Feb 18 to Deputy Foreign Minister Surin Phitsuwan urging him to find the means to initiate talks.

The KNU, which lost its headquarters based at Manerplaw and the strategic stronghold of Kawmura to the Burmese army in January and February, had until late last year dropped its demand that the peace talks be held outside Burma and that they involve Rangoon and an umbrella delegation of ethnic and opposition groups. The talks, tentatively scheduled for December, were stalled by SLORC's unexpected military offensive on Manerplaw.

"In order to get closer to peace, we took the initiative by instructing our armed forces that a unilateral ceasefire was to take effect, beginning from March 24 with much expectation from SLORC for a productive response. So far, we have received no reply from SLORC," Bo Mya said in his letter to Chuan, a copy of which was obtained by THE NATION.

"Hencewith, we expect Your Excellency to take the initiative for further progress, if possible, to materialize meaningful peace talks," he added.

The Karen general said his group would have no choice but to renew its armed struggle against Rangoon if SLORC continues to demand the KNU's "unconditional surrender". He warned that the Burmese junta must be held responsible for the consequences of such a demand.

"SLORC seems to us only unconditional surrender, which by no means can we or shall we accept. So we have no alternative but to pursue the resistance struggle, as surrender is out of the question for the Karen National Union," he said.

"For this, SLORC must bear the responsibility for the consequences that follow."

KNU secretary-general Phado Ba Thin confirmed during an interview over the weekend that SLORC has yet to respond to the KNU's overtures, conveyed in two letters sent through "some middlemen".

The letters, sent to SLORC leader Lt. Gen. [Lieutenant General] Khin Nyunt and dated 27 March and April 4, indicated the KNU's willingness to enter into a dialogue in Burma.

Three people appointed to an advance team to pave the way for the official talks were named in the letter.

The letters stemmed from an emergency meeting of the KNU's top leaders in March on future military and political strategies following the fall of their northern strongholds.

Appointed were Maj. Gen. [Major General] Maung Maung, a KNU joint secretary; Phado Klee Say, joint secretary of Duplaya district; and Shay Wah, an army officer at general headquarters, to the advance team slated to travel to Rangoon to reach agreement on a time and location for the peace talks, according to Ba Thin.

"We need a positive reply from the SLORC as well, but we've had none since we sent out our letters," he said.

Ba Thin said a Karen village chieftain and a Buddhist monk from the Sixth Brigade area volunteered to mediate between the guerrilla group and SLORC.

"They told us SLORC would make the necessary arrangements if KNU leaders want to meet them. We told them we were having an emergency central committee meeting and would make a decision then," he said.

While KNU leaders await a response on their peace initiative from Rangoon, a senior Burmese officer told THE NATION last week SLORC is itself waiting for the list of the official KNU delegation.

The officer rejected reports that SLORC has attempted to create a rift within the KNU by attempting to exclude Bo Mya from the meeting and engage in talks only with leaders from the group's fourth and sixth brigades.

Minister Abel Comments on Kyat Devaluation

95P30091A

[FBIS Editorial Report] The 5 April Bangkok daily NAEO NA in Thai on page 14 reported comments by David Abel, minister of Planning and National Economic Development concerning reports of the kyat's devaluation. Abel said the government "is now using the black market exchange rate" for the kyat which is 100 to the U.S. dollar. The official rate had been 6 kyat to the dollar. Abel went on to say "we can't say this is a devaluation of the kyat," noting that the government will continue using the official rate for budgetary purposes, economic statistics and customs duties. Abel admitted that "a de facto devaluation" of the kyat had long ago taken place in the market.

Brunei, Malaysia & Singapore

Malaysia

Analysts See Tighter Mahathir Grip on Cabinet

BK0505013995 Hong Kong AFP in English 0718 GMT 4 May 95

[FBIS Transcribed Text] KUALA LUMPUR, May 4 (AFP)—Malaysia's Prime Minister Mahathir Mohamed has bolstered his grip on power with a cabinet dominated by his loyalists that will keep at bay his ambitious deputy, Anwar Ibrahim, analysts said Thursday.

Responding to public demands for greater accountability, Mahathir has also set up a special body to monitor new work ethicis governing the political wing in government.

"The cabinet reshuffle gives no encouragement to Anwar, who is hardly in a position to be of any challenge, even a veiled challenge," said Jomo Kwame Sundaram, professor of economics and politics at the local University of Malaya.

Whether by coincidence or by design, Anwar's supporters were not promoted while those who had to be elevated were assigned inconsequential portfolios, political analysts said.

The reshuffle came eight days after the runaway victory of Mahathir's 14-member national Front coalition in Malaysia's ninth general election, where it acquired more than a four-fifths majority in the federal parliament and control of 12 out of 13 states.

"It was no surprise as the move was consistent with the way candidates were nominated to stand for the elections," noted Jomo.

Mahathir made a conspicious switch by moving Najib Tun Razak, the son of a former prime minister, from defence to education, analysts said was to nurture him for "greater things."

"It could be to encourage an alternative to Anwar. He (Mahathir) will keep Najib there to remind Anwar that he is not indispensable," Jomo said.

The education portfolio is deemed an important post, with Mahathir and Anwar having served in that capacity just before ascending to their current positions.

Although Mahathir promoted Muhyiddin Yassin, a close ally of Anwar's and a senior official of his United Malays National Organisation (UMNO), from a state chief minister to a full minister, he put him in an inconsequential ministry—that of youth and sports.

Mahathir retained all his old-time loyalists, even the beleaguered Minister of International Trade and Industry Rafidah Aziz, who was strongly rumoured to be dropped following a probe against her in a public share share scandal.

Mahathir, however, allowed Anwar to retain the coveted finance portfolio despite rife talk he was to be stripped of the post to clip his clout.

Political observers said Mahathir's message was clear—that he is still very much in control.

While many expect the 47-year old Anwar, a former firebrand youth activist, to succeed the 70-year old Mahathir in due course, party insiders said the deputy premier's supporters were impatient for their young patron to take over sooner.

Anwar could make a play for Malaysia's top job at UMNO's triennial elections next year, they said.

But Mahathir, who is also president of UMNO, the lynchpin of the National Front, has said he is not about to step aside yet.

In the recent elections, Mahathir moved four ministers back to their states to have his allies control UMNO power bases in the countryside to bolster his grip on the party.

UMNO's top officials have been at the core of every Malaysian government since independence in 1957, with the party president serving as prime minister and the deputy president, the deputy premier.

"Mahathir has consolidated his position," said Jomo, predicting that the premier of 14 years and Malaysia's longest serving, is not going to be easily ousted.

Editorials Welcome Formation of New Cabinet

BK0405153595

[FBIS Editorial Report] Two Kuala Lumpur Malay language dailies—UTUSAN MALAYSIA and BERITA HARIAN—carry editorials on 4 May commenting on the new cabinet lineup announced by Prime Minister Mahathir Mohamed on 3 May.

UTUSAN MALAYSIA carries a 300-word editorial on page 4 entitled: "Maintaining Continuity." It says the prime minister sees no need to make major changes in the cabinet lineup after having guided the National Front ruling coalition to a landslide victory in the ninth general elections. Office holders have already demonstrated their good work and the fact that they can work together well.

Continuing, the daily says: "Bearing in mind his own promise not to expand his cabinet, Dr. Mahathir dissolved the Ministry of Justice and established the Ministry of Entrepreneur Development to replace the Ministry of Public Enterprises."

The daily stresses: "Obviously, when he announced the new cabinet lineup, Dr. Mahathir preferred to maintain continuity. He allocated portfolios to those whose capability has been proven."

The paper concludes: "Those who have been allocated a ministerial portfolio should remember that they must work as a team and share collective responsibility with their colleagues. Nobody should be disappointed because they did not get the portfolio they desired. Now is the time to start working hard to fulfill promises made during the election campaign. There is no so-called honeymoon period."

BERITA HARIAN carries a 400-word editorial on page 10 entitled: "The Cabinet Has Fulfilled the People's Aspirations." It says there is no need to carry out a drastic change in the cabinet lineup because the government has performed its duty well.

The daily points out: "No minister or deputy minister has been booted from the cabinet. Only one parliamentary secretary, Othman Abdul, has not been given a new portfolio."

Continuing, the daily discusses the appointment of former Johor Chief Minister Tan Sri Muhyiddin Yassin as the new minister of youth and sports affairs, noting the importance of the portfolio in view of the upcoming Commonwealth Games to be held in Malaysia.

The daily concludes: "The new cabinet lineup will also satisfy the country's women with the appointment of a new woman parliamentary secretary. The appointment adds to the number of women in the previous cabinet; namely, two ministers and three deputy ministers."

Cambodia

Ing Huot Supports UN Human Rights Office

BK0505110595 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 5 May 95

[FBIS Translated Text] His Excellency [H.E.] Ing Huot, minister of foreign affairs and international cooperation, said on 4 May that the nation has no objection to the presence of the UN Human Rights Office in Cambodia. However, when time comes, some of the office's activities should be reduced.

H.E. Ing Huot told (Marak Bodin), representative of the UN secreatary general who came to Cambodia to study and discuss the continuation of the UN human rights center's presence in Cambodia, that Cambodia requests that the United Nations, the international community, and other organizations increase material and financial assistance, which is a concrete issue, to help promote human rights implementation in Cambodia.

Mandate of New Border Authority Hailed

BK0505040295 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 5 May 95

["Political commentary": "Efforts for a Peaceful Solution to Border Problems"]

[FBIS Translated Text] The Royal Government of Cambodia has decided to set up a national authority to tackle all border problems between Cambodia and its neighbors. This authority was created by a royal decree signed by His Majesty King Norodom Sihanouk on 25 February and christened the National Authority for Border Affairs [NABA] with the two prime ministers as cochairmen, the coministers of interior and the minister of foreign affairs as vice chairmen, and a number of other ministers as its members.

It should be remembered that during the recent 23-year civil war no attention was paid to the numerous border problems, including those pertaining to territorial waters. Therefore, this authority has the duty of preparing legal documentation on the demarcation of land and sea borders to be filed with the United Nations. Moreover, it has the duty of studying, exploring, and selecting a map to be used as a basis on which the borders between Cambodia and its neighbors will be demarcated and by which negotiations, compromises, solutions, and decisions on border problems will be made. Its cochairmen also are empowered to sign border treaties.

The Constitution of the Kingdom of Cambodia stipulates in Article 2 that: The territorial integrity of the Kingdom of Cambodia shall absolutely not be violated within its borders as defined in the 1/100,000 scale map made from 1933-1953 and internationally recognized from 1963-1969.

During the official visits by the prime ministers to Vietnam and Thailand in late 1994 and the end of this past March, the heads of the government asked those countries to begin legal negotiations to solve the problems with their common borders with Cambodia. Observers of the Asian situation said that border problems have become one of the largest and toughest problems for the coalition government, which is less than two years. If this were handled successfully, they said, the prestige and popularity of the government would surely soar. It is believed, however, that these border disputes will not be solved during the tenure of this government because of the many legal and technical complications that would arise from their joint implementation and the impact that they would have on relations with the countries involved.

Because of this complex situation, NABA should have two teams: first, the legal commission, or working group, on border affairs; and second, the commission, or technical group, on border affairs. These groups shall be the ones who prepare legal documentation, choose the map, negotiate with neighboring countries, measure the boundary lines, control and defend the border, solve all border disputes, and, finally, plant the border markers in the spirit of the accords reached between NABA and the neighboring countries.

We Cambodians support and trust NABA in its mandate to reclaim and guarantee protection for national sovereignty as expressed in the Constitution and to ensure maintenance of this sovereignty and our good relations with neighboring countries, which constitutes the basis for Cambodia's stability.

Khmer Rouge Report Western Battambang Battles

BK0505015895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 4 May 95

["Report": "The army together with our people smashed the two-headed military personnel in the guerrilla and people's war using such weapons as plain punji stakes, poison-tipped punji stakes, and all types of mines, sniping, cutting routes, and choking off the enemy's umbilical cord on the Sisophon-Poipet, West Battambang, Route 12, Kompong Som, North Kompong Speu, Kompong Thom, and Pursat battlefields"]

[FBIS Translated Excerpt] 1. The Sisophon-Poipet battlefield:

On the night of 2 May the army together with our people, attacked and cut Route 5, digging two pits in its surface between Pou Bei Daeum, Poipet, and Phsa Kandal, each pit measuring 1.5 meters deep and 2 meters wide. We also placed a number of mines.

On 30 April the army together with our people attacked two-headed soldiers at the Chramoh Chruk position, killing six and wounding four. We then planted a number of punji stakes around this position.

2. The West Battambang battlefield: On 1 May the army together with our people attacked two-headed soldiers at the Chramoh Kamping Puoy position and these soldiers ran into our minefield. As a result, two enemy soldiers were killed and two others were wounded. We then booby-trapped 36 mines and planted a number of punji stakes around the position.

On 2 May the army together with our people attacked two-headed soldiers at the Chrouy Chhma and Kap Chen positions, killing three and wounding four. A number of other enemy soldiers were injured by punji stakes. We also destroyed two AK's and two RPK's.

On 28 April two-headed soldiers sallying out of Slar Khlanh and Prey Khpuos stepped on our mines. Three of them were killed and two were wounded in the explosions. Three others were injured by punji stakes.

On 29 April the army together with our people attacked two-headed soldiers between Bavel and O Kanh-choh and these soldiers fled into our minefield. As a result, we killed two and wounded a few others.

On 30 April the army together with our people planted 10,000 plain and poison-tipped punji stakes and 50 mines around the enemy position at Kang.

Also on 30 April the army together with our people attacked two-headed soldiers at Slar Khlanh and Boeng Sangke and these soldiers stepped on our mines and punji stakes. As a result, one enemy soldier was killed and another was wounded. We also planted 15,000 plain and poison-tipped punji stakes and 20 mines around the enemy position at Slar Khlanh. [passage about situation on other battlefields omitted]

Villagers Flee Battambang Fighting

BK0405144595 Hong Kong AFP in English 1428 GMT 4 May 95

[FBIS Transcribed Text] BATTAMBANG, Cambodia May 4 (AFP)—Thousands of villagers were fleeing their homes in this northwestern province Thursday as Cambodian government troops and Khmer Rouge guerrillas exchanged intense artillery fire along a road from Battambang, Cambodia's second largest city.

Around 16,000 to 18,000 people were leaving their villages along National Route 10 and heading towards Battambang city for safety, while others were seeking refuge in the Bavel district to the north of the city, a UN official said.

Five civilians were killed and four injured when a market near Bavel town came under heavy shelling Wednesday, a police officer said.

Around 15 other peasants died from shelling or after being caught in cross-fire this week, he added.

At least seven government troops were admitted to hospital Thursday but no precise casualty figures were immediately available.

The Khmer Rouge's clandestine radio, monitored in Bangkok, reported that 30 government troops were killed, dozens wounded and 20 captured in an attack which led to the guerrillas seizure of Treng, about 40 kilometers (25 miles) southwest of Battambang Monday but there was no independent confirmation.

Around 500 Khmer Rouge guerrillas, backed by six tanks, seized Treng, a strategic but lightly defended frontline position facing the guerrillas' Pailin stronghold, a field commander said, adding that the guerrillas had since advanced several kilometers.

Although senior defence officials in the capital said the army had already recaptured Treng, the field commander here said his forces had yet to launch a counterattack and were instead trying to halt the guerrillas' advance.

The government forces had heavy artillery and two multiple rocket launchers stationed in Snoeng, about 20 kilometers (12 miles) out of the city, and were firing at rebel positions on a hill around 8 kilometers (5 miles) further along Route 10. Rounds from here and other positions could be heard being fired every ten seconds.

"We might be in Treng tomorrow or we might be in Battambang (district), we don't know, it is just going backwards and forwards," the artillery unit commander said.

One government tank had been destroyed in fighting along the road, troops said.

The Khmer Rouge seized Treng last year after they had dealt a serious blow to the government by recapturing their Pailin headquarters, and then swiftly advanced to within 15 kilometers of Battambang city before the security forces rallied and pushed them slowly back.

A western military attache told AFP in Phnom Penh that given the guerrillas' failure to advance on Battambang city last year, when government troops were reeling from a severe military and pyschological defeat, it was "not possible" for them to now take the country's second largest city.

"The situation is not good for the armed forces but it is better than last year," he said.

The guerrillas' current advance had more to do with the inefficiency and poor morale of the government forces than with the rebels' own military prowess, he said, adding that he believed it was designed to create widespread instability and to burden the cash-strapped government with thousands of displaced villagers.

Indonesia

U.S. Sanctions Against Iran Deplored

BK0505073095 Jakarta MEDIA INDONESIA in Indonesian 5 May 95 p 17

[FBIS Translated Excerpt] Jakarta (MEDIA INDONESIA)—The Indonesian Government deplores the U.S. decision to apply trade and economic sanctions against Iran, a statement of the Department of Foreign Affairs received by MEDIA INDONESIA said yesterday.

"Indonesia believes that dialogue and negotiations are more appropriate and more effective means to settle international disputes," the statement said. [passage omitted on reactions by China, European countries, and Egypt to the embargo]

Suharto Hosts Dinner for Governor Hayden

BK0505140495 Jakarta ANTARA in Indonesian 1708 GMT 3 May 95

[FBIS Translated Text] Jakarta, 3 Apr (ANTARA)—Speaking at the Istana Negara [State Palace] in Jakarta Wednesday night, President Suharto said Indonesia will not forget Australia's neighborly support for Indonesia's independence struggle.

In his address at the official dinner hosted in honor of the Australian governor general and his wife, Mrs. Dallas Hayden, the head of state said the seeds of friendship between the two countries were sown during the time that Indonesians were struggling for their independence.

The head of state said Indonesia's success in implementing its first 25-year longterm development program was due to the assistance and cooperation extended by the Australian Government and people.

The president stressed Indonesia's confidence that such assistance and cooperation will be upgraded further when the country begins implementing its second longterm development program.

The head of state also said that numerous problems and misunderstandings between the two countries have been eliminated through the exchange of visits between government officials and military personnel of the two countries.

He added that the two countries have been happy to witness the progress achieved within the framework of their bilateral relations and cooperation in various sectors.

Speaking during the function—also attended by Mrs. Tien Suharto and the vice president and his wife, Mrs. Try Sutrisno—the head of state said economic relations between the two countries are becoming wider and deeper.

The head of state went on to say that trade relations, contacts between businessmen of the two countries, and Australian investment in Indonesia are also increasing annually.

The president said Indonesia welcomes the upgrading of relations between Australia's Northern Territory and a province in eastern Indonesia.

Australia is important to Indonesia in view of the existing cooperation between Queensland and Central Java, Western Australia and East Java, and New South Wales and Jakarta.

Stable and Active

In his address, meanwhile, Governor General Bill Hayden said the two countries are capable of developing their relations, which have become stable and active.

Such relations have enabled the two nations to cooperate in a healthier manner with the other countries in the Asia-Pacific region.

Hayden admitted that uncertainties and misunderstandings existed between the two countries previously. These were solved as a result of President Suharto's capability and vision and his understanding attitude toward Australia's numerous views.

The governor general also stressed that Australians are unique in the sense that they are neither Americans nor Asians. Australia has its own history and identity.

Hayden said: "I believe Indonesia accepts and respects this, and likewise, Australia respects Indonesia's diversity."

Meanwhile, Bill Hayden presented a meritorious award from the Australian Government to Foreign Minister Ali Alatas on Wednesday afternoon.

Australia believes Foreign Minister Ali Alatas had played an important role in further enhancing ties between Indonesia and Australia. Alatas played a major role in bringing about the Timor Gap cooperation and the biannual ministerial meeting between the two countries, for example.

Hayden said Foreign Minister Alatas has also played other important roles in international affairs, such as cochairman of the Paris Conference that led to the settlement of the Cambodian conflict.

Bill Hayden and President Suharto held a brief but important meeting on Wednesday afternoon on bilateral relations and international issues.

According to Minister/State Secretary Murdiono, Hayden expressed his confidence that if Indonesia works harder, it can be successful in achieving the status of a newly industrialized country, similar to Singapore.

Murdiono also said that President Suharto agreed on this point, particularly if assistance is given by developed nations such as Australia .

The governor general and his wife, Dallas Hayden, arrived in Jakarta on Wednesday and will be in Indonesia for five days. Hayden will also visit Toraja, South Sulawesi, and Balikpapan in East Kalimantan.

Government Protests RMS Demonstration

BK0505131695 Jakarta MEDIA INDONESIA in Indonesian 5 May 95 p 17

[FBIS Translated Excerpt] Jakarta (MEDIA INDONESIA)—The Indonesian Government has sent a protest note to the Netherlands Foreign Ministry through the Republic of Indonesia Embassy in the Netherlands over acts of violence committed by RMS [Republic of South Moluccas] activists against the Republic of Indonesia Embassy.

According to a Department of Foreign Affairs news release received by MEDIA INDONESIA yesterday, the RMS activists damaged the Republic of Indonesia Embassy and four cars belonging to embassy staff. Three of the cars were totally destroyed in the course of these very brutal and lawless acts.

The note said the Republic of Indonesia would highly appreciate the Netherlands Government taking the necessary steps against the RMS. The Indonesian Government reminded the Netherlands Government of the need to protect the staff of all embassies, particularly the Embassy of the Republic Indonesia, from threats posed by the RMS. [passage omitted on 25 April demonstration in The Hague]

Requirements for President, Vice President Cited

BK0405162495 Jakarta KOMPAS in Indonesian 2 May 95 p 1

[FBIS Translated Text] Jakarta, KOMPAS—Sudomo, chairman of the Supreme Advisory Council [DPA], said there is no need to create a dispute over the question of the succession of the head of state. Despite the fact that the general election and the MPR [People's Consultative Assembly] general assembly are approaching, there are mechanisms, systems, and clear-cut requirements for dealing with the succession issue.

"We must leave it to the MPR to decide on the candidate for the vice president's post. One thing I know for sure is that from the very beginning of his leadership Mr. Suharto has always wanted a civilian to be vice president," Sudomo said while answering journalists' questions at his office on Monday, 1 May.

Prior to the news conference, the Political and Security Commission of the DPA held a consultative meeting with Armed Forces Commander General Feisal Tanjung. They discussed ways to popularize the mechanism of national leadership as stipulated in the 1945 Constitution, the Pancasila state ideology, and the guidelines for practicing Pancasila by the people in their political and social lives.

The meeting was also attended by the Army chief of staff; Air Force chief of staff; National Police chief; head of the Armed Forces General Affairs Department; head of the ABRI [Armed Forces of the Republic of Indonesia] Socio-Political Affairs Department; armed forces inspector general; operational deputy of the Navy chief of staff; ABRI commander's assistant for general planning; assistants to the head of Socio-Political Affairs Department; head of the ABRI Center for Information; head of the ABRI Intelligence Agency; and ABRI expert staff on political and security affairs, economic and financial affairs, industries and development, and people's welfare.

Sudomo said the objective of the meeting was to gather input and facts for consideration by the DPA and submission to President Suharto. The DPA's political and security affairs conference is scheduled for June. Thus the Political and Social Affairs Committee is gathering input from officials at the central and local level to be discussed at the conference.

Sudomo told journalists that, basically, the president and the vice president may come from any type of background; from the political parties, academic circles, or elsewhere. According to the Constitution, the election of the president and vice president should be held democratically. According to our forefathers, the president and the vice president are expected to be civilians, he added.

Therefore, Sudomo said, if the current president has a military background, it is just a coincidence. Likewise, it is a coincidence that the current vice president is also a military man. Sudomo asserted that President Suharto wants a person with a civilian background to be his vice president.

Sudomo said the head of state and his deputy must cooperate with one another. The two must be forward looking. "You can see for yourself that President Suharto is especially gifted in this regard. His vision is far ahead of others in the sense that he can anticipate problems the country is likely to encounter in five or 10 years; he is responsive to upcoming problems; and he is practical—he always lends a hand in any work. To be the future head of state, one must possess these three qualities, or the nation will have a hard time progressing.

He said despite the fact that there is no provision requiring the president and vice president to be from a particular group, the people must make a good evaluation of the prospective president and vice president. At a minimum the evaluation should be based on their leadership qualities in their current position.

Sudomo said the people could elect a national leader from one of the political parties, such as the Functional Group, or from the cabinet. "Whoever it is, he or she must be able to lead the cabinet ministers. It is therefore better for everyone if he or she has considerable experience in a related field," he added.

Sudomo also reminded the people not to worry too much about the candidates' experience when electing a president and vice president in the future. "If they try comparing the candidates' experience to that of retired General Suharto, they will have a hard time. Mr. Suharto's experience after 25 years of being a national leader is certainly unrivaled and is beyond comparison," he said.

Responding to journalists on the optimum age, Sudomo said that wisdom starts between the ages of 50 and 55. The age requirement for the vice presidency may be lower.

Editorial Welcomes Decision in TEMPO Case

BK0505135195 Jakarta SUARA KARYA in Indonesian 5 May 95 p 5

[Editorial: "A Verdict in Gunawan's Legal Suit]

[FBIS Translated Text] "No one has been affected by the verdict because it is a legal process," Information Minister H. Harmoko said Wednesday [3 May] in reply to reporters' questions about the Jakarta State Administrative Court's acceptance of Gunawan Muhammad's legal suit against the information minister for revoking the publication license of TEMPO magazine.

It is not the first time the Jakarta State Administrative Court had accepted a legal suit against the government. A week ago, on 28 April 1995, the Jakarta State Administrative Court accepted a legal suit by five "futures trading" companies against the trade minister for revoking their licenses. Unlike the verdict in Gunawan Muhammad's legal suit, this event did not receive any attention. This is normal, because the legal suit by the former chief editor of the defunct TEMPO involved the press and the press is seen as a reflection of the freedom of opinion.

The information minister's reaction to the verdict was consistent with his remarks at a working meeting with Commission #I—in charge of foreign affairs, defense, security, and information—of the House of Representatives of the Republic of Indonesia on 29 June 1994. At that time, the information minister said it was impossible for the government to reverse its decision because it was made in accordance with existing law, but the government truly paid attention to the fate of journalists and press workers. The only possible alternative would be the issuance of new publication licenses. The information minister asked the disadvantaged parties to resort to legal means to reverse the decision to revoke their publication licenses. The government has since issued licenses for two weeklies, a move that is expected to provide employment for former employees of the defunct weeklies TEMPO and EDITOR.

Meanwhile, Gunawan Muhammad and a number of former employees of the defunct TEMPO filed a legal suit against the information minister in the Jakarta State Administrative Court. Their action was normal. According to the information minister, because TEMPO's publication license was legally revoked, legal means had to be pursued to reverse the decision. Consistent with his remarks, the information minister cooperated with the State Administrative Court to ensure smooth legal proceedings in the suit. Nevertheless, Gunawan Muhammad's legal suit was considered daring and made the news because it was unprecedented. Although several other publications also had their licenses revoked, none of their chief editors took their case to the Jakarta State Administrative Court. It is not clear whether they lacked courage or compassion for their workers or if they believed such action would be useless.

We can draw positive conclusions from the Jakarta State Administrative Court's legal proceedings and its verdict nullifying the revocation of TEMPO's publication license. First, the verdict proves that Indonesia is a state based on the rule of law. The government, in this case the information minister, responded normally to the verdict and will appeal to a higher court. No matter what the final verdict is, the principles of the rule of law will remain unchanged. Therefore, if the verdict of the Jakarta State Administrative Court is ultimately reversed, we urge the people to uphold these principles and refrain from accusing the government of interfering in the legal process or labeling Indonesia a state based on power.

Second, clear precedents will emerge from the legal proceedings, and they can serve as preliminary steps toward unifying our perceptions of press freedom based on Pancasila and the 1945 Constitution and as a mechanism to develop our press freedom. This will be important for our press in the future. The information minister once said: "In the next stage, we must responsibly unify our perceptions on press freedom."

Minister: Fluctuating Oil Prices 'Temporary'

BK0505113495 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 5 May 95

[FBIS Translated Text] Fluctuating oil prices are temporary in the wake of the suspension of U.S. oil imports from Iran. There are many factors that can influence oil prices. Mining and Energy Minister I.B. Sujana said this after giving a lecture to participants of the working meeting of the Department of Mining and Energy in Jakarta. He said it is difficult to identify the causes of the fluctuations because world oil prices are not only influenced by fundamental factors such as supply and demand but also other factors. The minister cited the gas leak in Russia and the embargo against Iran as possible factors for fluctuating oil prices in the international market.

Suharto Stresses Need for Nuclear Energy

BK0405162895 Jakarta ANTARA in Indonesian 0859 GMT 4 May 95

[FBIS Translated Excerpt] Jakarta, 4 May (ANTARA)—President Suharto says the Indonesian people must begin careful preparations to use nuclear energy in the future. Speaking at a workshop of the Department of Mining and Energy at Jakarta's State Palace Thursday, the president also pointed out the high risk of using nuclear power, especially if the reactor leaked. Therefore, we must carefully study the experiences of other countries in using nuclear energy.

"We must learn and benefit from other countries' progress and avoid the accidents they suffered" the head of state said. The public will benefit from nuclear energy, but will also be exposed to its risks.

"One day we may have to resort to nuclear energy if other sources of energy are no longer adequate for our consumption," he said.

The president stressed that the country can no longer depend on oil which is depleting steadily as the only source of energy. [passage omitted on mining and energy minister's report at the workshop]

Laos

Australia's Bill Hayden Makes Visit

President Welcomes Hayden

BK0405130195 Vientiane KPL in English 0918 GMT 4 May 95

[Speech by H.E Mr. Nouhak Phoumsavan, president of the Lao PDR, delivered at the welcome dinner in honor of H.E the Honorable Bill Hayden AC, Governor General of the Commonwealth of Australia—KPL headline]

[FBIS Transcribed Text] Vientiane May 2, 1995—Following is the full text of the speech of H.E. [His Excellency] Nouhak Phoumsavan, president of the Lao People's Democratic Republic, at the welcome dinner in honor of the visit to Laos by H.E. the Honorable Bill Hayden, governor general of the Commonwealth of Australia, on April 30 at the National Assembly.

Your Excellency the Honorable Governor General and Madame Hayden, excellencies, ladies and gentlemen.

It is a great honor and pride for me and my wife to host this welcome dinner in honor of Your Excellency the Honorable the Governor General of the Commonwealth of Australia and Madame Hayden, close friends of the Lao people.

Although Australia and the Lao PDR [People's Democratic Republic] are located far away from one to another, our two countries maintain strong relations of friendship and cooperation.

Your Excellency the Governor General is among those who had significantly played a great role in consolidating such relationship and cooperation. While Your Excellency assumed the function of foreign minister of Australia, you crossed the Pacific ocean twice to pay visit to our country respectively in 1983 and 1984. We highly value your present state visit to the Lao PDR and consider it as a new landmark in the process of continuous strengthening of the relations of friendship and efficient cooperation between our two countries.

Through the talks I had with Your Excellency the Governor General this afternoon, I better understand the Australian Government's will and intention to continue the development of the existing fine relations of friendship and cooperation and to make those relations wider and more fruitful. On behalf of the Government and the people of the Lao PDR, allow me to express sincere thanks to the Government and people of Australia for their support and assistance given to the Lao PDR's socio-economic development program and particularly the project for the construction of the friendship bridge which becomes the symbol of friendship among Laos, Australia and Thailand.

We also highly evaluated the contribution of Australia for peace, stability and cooperation in the region and in the international arena. We share the satisfaction and pride of Australia for the honor of being the organizer of the 2000 Olympic Games in the beautiful city of Sydney. We take this opportunity to wish the Australian people greater success in the development of their country.

Your Excellency, ladies and gentlemen: In a few months we will celebrate the 20th anniversary of the foundation of the Lao PDR. We consider that those last 20 years were of the most historical and important period of which the Lao people did its utmost to recover from severe war aftermath and firmly work for the rehabilitation and construction of their nation. We are proud to notice that thanks to the correct policy of our Government, to the hard works of our people, and to the support and assistance of friends in the world, our country enjoys peace and stability. The socio-economic development is growing with firm and regular step; the material and cultural living condition of the population has been significantly improved; and the relations of friendship and cooperation between the Lao PDR and other countries in the world have been widened. Those abovementioned preliminary successes made us optimistic of further development of our nation.

Meets With President, Departs

BK0305114295 Vientiane KPL in English 0905 GMT 3 May 95

[FBIS Transcribed Excerpt] Vientiane, May 2 (KPL)—The Governor General of the Commonwealth of Australia, the honourable Bill Hayden, his wife, and his delegation arrived here on April 30 on a state visit to the Lao PDR [People's Democratic Republic] from April 30 to May 1. [passage omitted]

At 1430 hrs, the Lao president and his state guests held talks at Ho Kham [National Assembly meeting hall] with the participation of ministers and the ambassadors of the two countries. During the talks lasting for almost two hours, both sides shared the view that the bilateral relationship and cooperation had entered a new phase, particularly following exchanges of visits of high-level delegations.

The Australian Governor-General expressed his pleasure to see the growth in all aspects of the Lao PDR and expressed readiness to further render cooperation and assistance to Laos. He was optimistic that assistance from Australia to Laos was possible in many areas since Australia has many reputed companies with world-standard technology such as communication.

He was also glad to learn that a Lao governmental delegation will go to Australia on a study tour. He particularly invited President Nouhak Phoumsavan and his wife to visit Australia.

The Lao president said that the Laos visit by the Governor-General of the Commonwealth of Australia was a source of pride for him and it strengthened the friendly ties and cooperation between Laos and Australia.

He also informed the Australian guests of the achievement of the economic policy of Laos and affirmed the constant foreign policy of the Lao PDR towards neighbouring countries.

Hailing the good Lao-Australian relationship and cooperation, he urged the two sides to expand the existing cooperation.

The Lao president expressed thanks to the friendly government and people of Australia for their multi-sided assistance to Laos, especially the assistance to the construction of the Laos-Thailand friendship bridge across the Mekong river. He also hoped for further assistance from Australia, particularly in personnel training, to make economic and social development in Laos more fruitful.

At 1600 hrs, the Australian guests visited the morning market. At 1930 hrs, H.E. [His Excellency] Mr. Nouhak Phoumsavan and Mrs. Bounma Phoumsavan hosted a state dinner in honour of the honourable Bill Hayden, Governor-General of the Commonwealth of Australia, and Mrs. Dallas Hayden, at the National Assembly ball room.

At 0845 a.m. of Monday 1st, the visiting Australian delegation visited the cultural park at Thanaleng and visited the Mittaphap bridge (the Laos-Thailand friendship bridge) and the border control facility.

Then the delegation attended the opening of the Suksa May building Australian-assisted English language resource centre.

A traditional Basi ceremony—a farewell party—was given for the Australian guests before they left Vientiane for Singapore at 1400 hrs, ending the two-day visit to Laos at the invitation of the Lao president.

Philippines

Ramos Urges Local Fishermen To Use Spratlys

BK0305043395 Quezon City Radio Filipinas in English 0230 GMT 3 May 95

[FBIS Transcribed Text] President Ramos is urging local fishermen to explore and develop the rich fishing grounds of the Spratlys claimed by the Philippines.

The president says he has ordered concerned agencies to declare certain areas which are overfished recently while encroaching the exploration of new areas. Aside from the Spratlys, the president also proposed the exploration of certain fishing grounds in the northern, eastern, and southern parts of the Philippines.

Power Generator Planned for Spratly Islands

BK0505035295 Hong Kong AFP in English 0233 GMT 5 May 95

[FBIS Transcribed Text] Manila, May 5 (AFP)—The Philippine military said Friday it plans to repair facilities and provide electricity on one of the seven islands it occupies in the disputed Spratly islands.

The Western Command of the Armed Forces said in paid newspaper advertisements that it would conduct a public bidding next month for the supply and installation of a 125-kilovolt generator on Pag-asa island.

The command is in charge of guarding 53 islets, shoals and reefs Manila claims in the strategic chain in the South China Sea.

It said the contract would involve the repair of its barracks and a road, the construction of a power house and electric posts, the manufacture and delivery of a fiberglass boat, and repair of the island's perimeter fence.

The announcement followed increased Philippine military activity in the Spratlys after the discovery of four manned structures in the Mischief Reef guarded by the Chinese Navy, which Manila claims are naval support stations.

Filipino troops have since arrested 62 Chinese fishermen in the Spratlys and demolished boundary markers put up by Beijing on seven shoals and reefs surrounding Mischief Reef.

Regional Security To Counter PRC Emphasized

BK0405130095 Manila PHILIPPINE DAILY INQUIRER in English 29 Apr 95 p 8

[Editorial: "China's Intention"]

[FBIS Transcribed Text] In the meantime, while the Spratlys dispute sinks to "low-intensity" category, there is no assurance that it will remain there. China is modernizing its armed forces, which have more than a million troops, and is building its navy and air force to project military power to the oceans beyond, including the South China Sea.

There are a number of theories about China's relations with its neighbors. One theory is the "benign" perspective which says that China historically has not been expansionist and that with its integration into the international market economy, it cannot afford a military adventure that could put its economic progress. The other perspective represents the extreme. It considers China as a historically hegemonic nation, and the modernization of its armed forces is a strong evidence of this tendency.

China is a difficult nation to read, but what seems certain is that "low-intensity conflict" could escalate if the balance of power shifts in its favor. The Philippines should see to it that it increases its weight in regional security arrangements to help counter the growing economic and military power of China.

Ramos: Capable of Foiling Abu Sayyaf Attacks

BK0405125295 Manila MANILA BULLETIN in English 30 Apr 95 pp 1, 8

[Report by Cena de Guzman and Nonoy Lacson]

[FBIS Transcribed Text] President Ramos assured yesterday that the government is capable of thwarting any attack by the extremist Abu Sayyaf group, adding that the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) have set up a task force to contain the threat.

The president ordered continued "hot pursuit" operations against the Muslim renegades responsible for the Ipil carnage last April 4, killing 53 people and wounding 50 others in that Zamboanga del Sur town. Gen. Arturo Enrile, AFP chief of staff, said that the government forces are being pre-positioned in strategic areas "so we do not have to fight it out and, at the same time, prevent something from happening."

Enrlle and Senior Supt. [Superintendent] Orville Gabuna, PNP Regional Command (Recom) 9 director, said that the task force is headed by Col. Ponciano Millena of the Philippine Marines.

Gabuna said that the PNP will take care of the various cities in Mindanao while the AFP will secure the outskirts or the periphery.

"Make sure they (military) remain vigilant in terms of reports of massing together, which would indicate that criminal groups are planning to do something, and they must be able to preempt occurrences similar to Ipil by pre-positioning themselves in areas which are strategic," Enrile said.

Intelligence reports said another Muslim extremist group is planning to conduct a series of terrorist activities in Mindanao during the elections on May 8.

The reports said that the Moro Revolutionary Organization (MRO), an ally of the Abu Sayyaf group, will conduct scattered bombings, arson, and kidnaping activities in Mindanao.

The reports were based on documents obtained from slain Abu Sayyaf commander Nato Asmawil. The documents also showed that the MRO has links with certain local politicians in Mindanao.

Government intelligence operatives were reported investigating a possible tie-up between the MRO and Abu Sayyaf in the Ipil raid.

Meanwhile, Enrile branded as "false" news reports that the Abu Sayyaf attacked Tungawan Town in Zamboanga del Sur in his report to President Ramos who asked for verification of the incident.

The Philippine National Police (PNP) relieved Inspector Edito Joven, an officer of the PNP Criminal Investigation Command for making the false report about the second attack in which 10 people were supposedly killed.

Encounter

Zamboanga City—Two members of the extremist Abu Sayyaf group were killed in a 20-minute encounter with government troops in Tuburan, Basilan Province, it was reported here yesterday.

The Southern Command (Southcom) of the Armed Forces of the Philippines (AFP) said that a foot patrol of the Task Force Panther chanced upon the Muslim rebels last Monday afternoon at barangay [village] Parang, Tuburan.

Aside from the two Muslim fatalities, who remained unidentified, the Southcom said that a number of Abu Sayyaf members were also wounded.

One Army soldier identified as Pfc. Sito Placardo, was wounded and taken to the Southcom Hospital.

Meanwhile, government operatives arrested last Tuesday a member of the Abu Sayyaf group in R. T. Lim Town in Zamboanga del Sur. He was identified as Arnold Camado of barangay Palmera.

When interrogated at the 102nd Army Brigade headquarters, Camado admitted that he was recruited by Hadji Amiluddin last month and was given P[Philippine pesos]400 as his first salary.

'Incredible'

Zamboanga City—The Moro National Liberation Front (MNLF) has branded as "incredible" the government's list of MNLF fighters who have participated in the Ipil pillage early this month.

MNLF spokesman and spiritual adviser Ustadz Zain Jali said that the government list contained names of plain fish vendors here and of MNLF leaders who are out of the country.

Marine Commandant Brig. Gen. Guillermo Ruiz, head of the joint MNLF government cease-fire committee, has submitted five names of MNLF leaders and 85 of their followers to the MNLF cease-fire panel for investigation.

Jali also insisted that the MNLF did not participate in the Ipil attack, considering that the attack was done in an "uncivilized and inhuman manner."

He said if the government will insist that the MNLF was involved, they will be forced to come out with the real version of the Ipil tragedy.

MNLF Promises Help To Repel Abu Sayyaf

BK0405121795 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 4 May 95

[FBIS Translated Text] The Moro National Liberation Front, or MNLF, will not allow the Abu Sayyaf to enter into their territory. This was reported by Ambassador Manuel Yan, chairman of the government negotiating panel in the peace talks with the MNLF, to President Ramos.

According to Ambassador Yan, the MNLF will help military and police operations against the bandits who have entered MNLF-controlled areas. The MNLF has reportedly given the assurance that it will not allow groups that do not respect the law to enter into its areas. It has also promised to accept the peace talks with the government. [sentence as heard]

MNLF To Investigate Members in Ipil Raid

BK0405014195 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 3 May 95

[FBIS Translated Text] The Moro National Liberation Front [MNLF] will investigate its members who participated in the Ipil massacre. This was promised by the leadership of the MNLF in an emergency meeting of the joint cease-fire committee that took place in Zamboanga del Sur. It added that it will surrender its members who participated in the attack, whether they are guilty or not. The MNLF is set to meet again after the elections.

Thailand

U.S. Embargo on Iran 'Hard To Justify'

BK0405160695 Bangkok MATICHON in Thai 4 May 95 p 2

[Editorial: "The U.S. Embargo Against Iran"]

[FBIS Translated Text] Tension between the United States and Iran was renewed when U.S. President Bill Clinton announced that he will sign an executive order this week prohibiting trade and ending all economic relations with Iran. He said he was prompted to consider the embargo by Iran's support for terrorism and its signing of agreements with Russia and China to build nuclear power plants, which could be a step toward building nuclear weapons.

Whether this new U.S.-Iranian tension will develop into a confrontation probably depends on how effective the United States is in persuading other economic powers to cooperate in the trade embargo against Iran as well as convincing Russia and China to refrain from selling nuclear technology to Iran. The United States has already appealed to Russia and Iran on this matter. It remains to be seen if the United States will ask the world community to join the economic embargo as it did against Iraq.

Also, it remains to be seen how the United States can justify the cooperation of the world community. Iran's case is different than that of Iraq. Iran has not annexed another country's territory or violated any country's sovereignty. Moreover, the fact that President Clinton announced his intention to issue the executive order during a dinner at a Jewish conference in New York last Sunday instantly diminished its weight as far as the support of the international community is concerned.

On the contrary, the allegation that rich Jewish businessmen are behind U.S. Middle East policy seems to have gained plausibility. As a result, some countries will not cooperate with the U.S. trade embargo. It appears the United States is prepared to impose the embargo unilaterally. Whether the United States will succeed in preventing Iran from obtaining its nuclear power plants depends on its ability to convince the countries that possess the relevant technology.

For oil importing countries, the issue is whether the U.S. embargo will drive up the oil price or whether Iran will be forced to cut the oil price to attract buyers. It will be up to each country to make a decision in view of its own interests. The United States will have one less source of oil, which should drive up domestic oil prices. The United States should adopt a better policy than to impose an economic embargo against Iran, including negotiating through an intermediary if not directly. The announcement of the U.S. embargo seems hard to justify to the world.

Chuan Hears From Western Lawmakers on Refugees

BK0505093495 Bangkok THE NATION in English 5 May 95 p A1

[FBIS Transcribed Text] Elected representatives from the United States and Britain have deplored the repeated attacks by Burmese forces on Karen refugee camps in Thailand while expressing concern over the Army's proposal to relocate the refugees to a central maximum security camp.

"Concentration camps are not a sensible solution," they said in a letter to Prime Minister Chuan Likphai released in Bangkok yesterday.

The letter was signed by U.S. Congressman Bill Richardson (of the Select Intelligence Committee), British MPs Sir David Steel, Jim Lester (of Britain's Foreign Affairs Select Committee), Baroness Cox and Glenys Kinnock, a member of the European Parliament.

"We urge you to step up Thai Government efforts to protect the refugees from these raids, and we also urge you and your ASEAN partners to rethink the policy of constructive engagement with Burma in light of the ongoing attacks," the letter said.

It welcomed the prime minister's instruction to Army chief Gen. Wimon Wongwanit to take steps to ensure the refugees' safety.

"On the other hand, we are disturbed by General Wimon's stated desire to push all refugees out of Thailand or, failing that, to move Karen refugees into a single camp deep inside Thailand protected by barbed wire and land mines.

"Concentration camps are not an acceptable solution and it is a cruel twisting of facts to blame the refugees, as General Wimon implicitly has, for the cross-border attacks."

The press release followed a spate of attacks by the Democratic Karen Buddhist Army (DKBA) on Karen refugee camps in Tak and Mae Hong Son Provinces during the past two weeks.

"We urge you to bring regional pressure to bear on those ultimately responsible for the violations of the rights of refugees: the State Law and Order Restoration Council (SLORC) and its allies the Democratic Karen Buddhist Organization (the renegade group's political wing)," the letter said.

It asked ASEAN countries to get a written commitment from SLORC "to cease the cross-border raids and respect international human rights and refugee law".

If SLORC refused, ASEAN should make it clear that Rangoon's representatives would not be welcome at the ASEAN Ministerial Meeting in Brunei in July, the letter said.

Japanese Failure To Attend ASEAN Meet Viewed

BK0505110795 Bangkok THE NATION in English 5 May 95 p A4

[Article by Chirawat Na Thalang: "Japan: Caught between Asia and the US?"]

[FBIS Transcribed Text] Deputy Prime Minister Suphachai Phanitchaphak has good reasons to be upset with Japan for appeasing the United States, as it declined to hold an "informal" dialogue with economic ministers of the Association of Southeast Asian Nations (ASEAN).

The fact that Japan failed to attend the post-ASEAN conference in Phuket did not only derail the meetings between ASEAN and its dialogue partners; it also left the impression that Japan is tilting towards America.

Japan has long played a dominant role behind the economic growth of East Asian countries. A flood of direct Japanese investment since 1985 helped Asian countries transform their agriculture-based economies to a primary industry-based one that also allowed them to substitute imports. A survey conducted recently by Japan's Export-Import Bank indicates that in the next three years, three-quarters of Japan's new direct foreign investment will go to Asia, most of which will be directed towards ASEAN.

On the political side, ASEAN has more expectations from Japan. This, however, is understandable. Japan will not only host this year's Asia Pacific Economic Cooperation (APEC) summit, It is also waiting to bid for a permanent seat in the United Nations Security Council. The move reflects Tokyo's intention to assert itself and play a more prominent role in the international political arena.

But Tokyo did not show up at the recent ASEAN economic retreat in Phuket. At the ASEAN Economic Ministerial meeting last week, Suphachai said: "Unfortunately, Japan should have accepted the ASEAN offer and attended the informal meeting independently."

To the understanding of Suphachai, Japan declined the invitation out of fear that it would be trapped in a ploy to create the East Asian Economic Caucus (EAEC), a Malaysian initiative to create an economic grouping without the U.S..

Earlier however, Thailand had made it known explicitly that the EAEC would not included in the meeting's agenda. And a Japanese source stressed that the Japanese Government had known from the start that the EAEC was not to be taken up in the meeting.

"We were informed by ASEAN (that the EAEC would not be discussed in the meeting), and we have regarded it as such," the source said.

The same source added that Tokyo did not turn up at the post-ASEAN economic ministers' informal meeting simply because it could not work out its schedule with the regional grouping.

It was explained that Japan's International Trade and Industry Ministry had suggested to ASEAN that Australia and New Zealand be invited to take part in the planned meeting. But ASEAN could not come into a consensus on whether it would invite the two countries. Because of this, the meetings with prospective dialogue partners were all canceled soon after.

The Japanese source said Japan will certainly attend the annual post-ASEAN economic ministerial meeting in September, which ASEAN holds regularly with its dialogue partners.

But whether the Phuket meeting would have discussed the EAEC does not seem to be the contentious issue for Japan. Instead, the negative response to the invitation might indicate that Japan does not want to create a wrong impression to the U.S..

"We are aware that Japan has gained increasing attention from both developed and developing members of APEC," said Japanese Foreign Minister Yohei Kono at the end of the last year's APEC meeting in Jakarta, in response to a question from a reporter as to how Japanese viewed the future of APEC.

Another Japanese source said that since Japan will chair the APEC meeting in Osaka this year it will focus on how the Bogor declaration could be materialized—a broad trade and investment liberalization agreement, which APEC members endorsed in Indonesia last November.

Japan would prefer to bridge the differences between the two different corners. But then again, how long could Japan linger on at the center of balance?

As the ongoing trade conflicts with the U.S. have put more pressure on Japan, one argument has it that current circumstances might force the Japanese to adopt a more pragmatic approach to deal with sensitive trade issues that Japan is facing at the moment.

The U.S. and Japan are negotiating the ongoing trade dispute over the automotive industry. Moreover, Japan is awaiting for a positive signal from the U.S. Government to cushion the currency crisis.

To further strain the diplomatic relations by showing up at what could have been an EAEC meeting might not be wise as far as the Japanese are concerned.

Tokyo might not intend to side with the Americans, but its latest action has made ASEAN ask some questions.

But the fact is Tokyo has been drumming support from ASEAN in its bid for a permanent seat in the UN Security Council by claiming that Japan would be in a better position to protect the interest of Asian nations. Such acts have led to the assumption that Japan would continue to be a reliable partner of Asia.

However, the negative response to the ASEAN conference has led to a query on what the Japanese would do if the time comes for it to choose between Asia and the West.

Border Incursions Expose Defense 'Flaws'

BK0505095495 Bangkok BANGKOK POST in English 5 May 95 p 4

[Article by Woranan Krongbunying and Nutsara Sawatsawang: "Armed incursions by Karens expose diplomatic shortfalls"]

[FBIS Transcribed Text] The repeated incursions into Thai territory, resulting in death and destruction to Thai as well as Karen refugees, have exposed flaws in the country's defense capacity and diplomatic strategy.

The statements of top men in the military establishment and the Foreign Ministry have also shown up familiar lack of coordination that time and again has weakened the country's position in issues important to Thai people as well as Thailand's standing in the international community.

The three Thai policemen shot dead on Wednesday were the first Thai fatalities in a series of cross-border raids by pro-Rangoon forces that have taken place since April 19.

Killed at Ban Mae Ngao, in Sop Moei District, Mae Hong Son Province, the policemen were believed to have been casualties of the so-called Democratic Karen Buddhist Army (DBKA).

For two weeks before that, the army widely believed to be supplied by the State Law and Order Restoration Council (SLORC) in Rangoon had rampaged on Karen settlements in a series of raids on border areas of Mae Hong Son as well as Tak.

Karen homes at Ban Mae Toen, in Tha Song Yang District of Tak, were razed, the people's belongings stolen, and some 10 Karen people abducted in the first raid on April 19 by an estimated 30 armed men of the DKBA.

Four days later, on April 23, the DKBA returned to the same area, this time with a bigger contingent of about 100 armed men. They burned five shanties and pushed some 50 Karens back into Burma.

On the following day, another 400 armed men crossed the Moei River for "secret" operations in Tha Song Yang. Nine Thai villagers were forced to carry some injured armed men back to Burma before they were later allowed to return to Thailand.

On April 25, about 300 armed men struck further north, crossing the Salween River into Mae Hong Son. They clashed with a Thai security unit, and burnt down dwellings at a Karen settlement in the area before retreating.

In a second raid on the same day, another group hit a temporary camp at Ban Kaemalaeko, in Tha Song Yang District of Tak. Armed with heavy weapons, this group set fire to more than 300 living shelters.

The DKBA leaders also threatened to continue their raids until all the Karens return to Burma.

It was only after these two raids on April 25 that the Foreign Ministry came out with a reaction. A written protest was handed to the State Law and Order Restoration Council (SLORC) in Rangoon, and the Burmese Ambassador to Thailand U Tin Win was summoned for "discussions".

The fact that there have been more raids and worse violence since then suggests complete lack of respect for Thailand's observance of diplomatic propriety.

But a senior Foreign Ministry official insisted that the protest letter was the best option. Thailand refrains from use of force, believes such incidents can be solved at local level, and does not want to further damage relations by overreacting, the official said.

On the ground situation, Army Commander-in-Chief Gen. Wimon Wongwanit has proposed putting all Karen refugees now living scattered in five districts of Tak Province into one center deeper inside Thailand.

The general argued that this would enable Thai authorities to give better protection to the Karens.

Gen. Wimol's proposal has drawn different responses from Saranrom (the name of the palace where the Foreign Ministry is housed)'s key men.

Deputy Foreign Minister Surin Phitsuwan said he thought the existing refugee camps—most of them located some 500 meters from the Moei River—were already far enough from the border.

"We have to be sure, before moving the camps further from the border, that there is enough space and safety for the refugees and we must consider the effects on Thai people already living there," he said.

Foreign Minister Krasae Chanawong, however, said the Foreign Ministry had no objections to the Army chief's proposal.

The minister, who inspected the border area on Tuesday, also said if he had to choose between human rights and national security, he would choose the latter.

At the same time, the minister said Thailand did not want the United Nations High Commissioner for Refugees (UNHCR) playing a role on the Thai-Burmese border.

Thailand wants to solve the refugee problem here on its own because its experience with displaced Cambodians has shown that international help prolongs the problem, he argued.

Thailand seeks a long-term solution, and this means Burma attaining national reconciliation, peace and prosperity, said Mr Krasae.

Thai officials contend that constructive engagement will improve economics in Burma and encourage SLORC to become a more sociable member of the international community.

But years after sticking with the controversial policy, both goals seem to be out of sight.

On the economic front, the Thai Government has shelved a plan to allocate 300 million baht to Burma for upgrading the 164-kilometer Tachilek-Keng Tung road after the Thai private sector withdrew from the project in the middle of last year.

The Finance Ministry has also suspended a plan to reduce the soft loan interest rate from 3 percent to 1.5 percent pending a political decision.

As for the hope of persuading SLORC to become more sociable, the experience of Karens and Thai villagers living in border areas of Tak and Mae Hong Song should form a crucial part of the assessment.

Ordinary people simply want to live in peace and have some money to spend. They look to soldiers to provide defense, and diplomats to be effective go-betweens.

Krasae Affirms 'Constructive Engagement' Policy

BK0505110695 Bangkok BANGKOK POST in English 5 May 95 p 7

[FBIS Transcribed Text] Foreign Minister Krasae Chanawong vowed yesterday to pursue "constructive engagement" with Burma, a policy under fire in Parliament.

Dr Krasae said the policy emphasized development assistance for Burma as "a confidence-building measure" to help the government bring about democratic reforms, a new constitution and an elected government.

Thailand wanted to see international recognition of Burma instead of armed conflicts between Burmese forces and minority groups, he said.

He was responding to the House Foreign Affairs Committee's call on Wednesday to review the policy of constructive engagement with Burma. It urged Thailand to stop an attempt to bring the Rangoon regime into the Association of Southeast Asian Nations.

The committee also rapped the Government for its slow response to numerous border incidents and for its indecisiveness in dealing with them.

Dr Krasae called for the Defense and Interior Ministries and other agencies including his ministry, to try their best to ensure the incidents did not recur.

Foreign Ministry officials have voiced their desperation over the weakness of diplomatic efforts to cope with the problems.

One Foreign Ministry official supported Dr Krasae's view, saying reversal of the policy would not solve repeated border incidents. Instead, it would have a negative outcome in Burma.

"We have to protect our fence from foreign intruders" instead of criticizing the policy, the official said.

The failure of Thai Armed Forces to protect Thailand's sovereignty led to the weakness of Thailand's diplomatic talks with Rangoon and, as a result, border intrusions continued, Foreign Ministry officials said.

'Rethinking' of Strategy Toward Burma Urged

BK0505091295 Bangkok BANGKOK POST in English 5 May 95 p 4

[Editorial: "Burmese junta has gone too far this time"]

[FBIS Transcribed Text] Within the short space of two weeks, armed intruders, believed to be elements of the Rangoon-backed Democratic Karen Buddhist Army (DKBA), staged a series of cross-border forays, burning down three Karen refugee camps in Tak and Mae Hong Son Provinces. In the most recent raid on Wednesday, the intruders deliberately attacked a Thai police outpost in Sop Moei District of Mae Hong Son and killed three policemen.

Reaction from the Thai Government to last week's raids in which two refugee camps were torched and a number of Karens forcibly herded back into Burma followed standard diplomatic practice. A strongly-worded protest note was handed over to the Burmese military junta by the Thai ambassador in Rangoon and the Burmese ambassador in Bangkok was summoned to the Foreign Ministry to receive the protest note.

Surprisingly, the response from the Army was unusually mild and cautious compared to the harsh criticism leveled against the Press which first carried the report about the incursion of the renegade Karen fighters into Tha Song Yang District of Tak in late April. Instead of pointing an accusing finger at the intruders or their master, attention was turned to the subject of moving all the Karen refugees to a new camp deeper inside Thai territory: It was only when a more brazen foray took place which left three Thai policemen dead that the Army's voice became harsher and more businesslike.

It may not be possible for the Army to guard the entire Thai-Burmese border which is several hundred kilometers long snaking up and down hills in rugged terrain. Yet, the intruders must be served a no-nonsense message that their blatant acts are not only deplorable and hostile, but also cannot be tolerated. Somehow, the slow initial reaction and the lack of retaliation might have sent the wrong message to the intruders and their supporters which has, apparently, caused them to become bolder and more aggressive.

All the incidents, particularly the unprovoked attack on the police outpost in Mae Hong Son, are a clear indication that protests alone will not convince the junta in Rangoon to respond positively in order to put a stop to the repeated trampling on of Thai territorial sovereignty. Yet, talks must continue. In the meantime, though, it is necessary to flex some muscle to convey an unmistakable message that enough is enough.

Conversely, the idea of relocation of Karen refugees deeper inland is not only logical, but would also help alleviate Burma's deep-seated suspicion of Thailand's clandestine support of the Karen rebels to undermine Rangoon.

Rangoon's denial of any responsibility claiming it has no control over the DKBA is not only unacceptable; it is also an unfriendly gesture. It is a well-known fact that the DKBA was founded by renegade Karen Buddhists with the strong backing of Rangoon. The conduct of the DKBA as manifested by their cruel treatment of their own Karen brethren bears testimony to the contempt of their masters for human rights and disregard for human life.

The use of the DKBA as its proxy to wage a campaign of terror against Karen civilians on Thai soil is definitely not a friendly act towards its neighbor. Perhaps the junta has become so accustomed to resorting to force and armtwisting tactics to solve problems involving its own people that similar action by their proteges are just considered as something to be taken for granted.

If the violent incidents of the past two weeks are to provide any pertinent lesson, they should at least demonstrate that the constructive engagement policy towards Burma as espoused and nurtured by Thailand should be given a rethink. The idea of inviting Burma to observe the forthcoming ASEAN foreign ministers' meeting should also be reviewed. The only mitigating factor would be if the Burmese junta suddenly decided to reform its ranks and behave in a proper civilized manner.

Army 'Preparing' To Raid DKBA Stronghold

BK0505092095 Bangkok THE NATION in English 5 May 95 pp A1, A3

[FBIS Transcribed Text] The Army is preparing to raid stronghold of the Rangoon-backed Democratic Karen Buddhist Army [DKBA], blamed for recent violent incursions into Thailand, Third Region Commander Lt. Gen. Surachet Dechatiwong said yesterday.

The toughest Army stand on the repeated raids by the DKBA was announced as ASSOCIATED PRESS reported that a fresh rampage by the Karen faction yesterday left a Thai soldier dead. The report could not be immediately confirmed.

Surachet said that once the Army has located the group's base it would launch surprise attack, and cross into Burma if necessary.

"If they can enter Thailand, we can enter Burma," Gen. Surachet said at a press conference in Phitsanulok, called to announce the operation.

Reporters were given a tour of the command's operations center, followed by the press conference, at the instruction of Army Chief Gen. Wimon Wongwanit.

It followed criticism of the Army's failure to stem border incursions by the DKBA, a renegade Karen group which allied itself with the Rangoon military junta to oust its former ally, the Karen National Union (KNU), from its Burmese bases in February.

The DKBA leadership has admitted conducting several raids on Karen refugee camps in Thailand. It has not, however, claimed responsibility for the most violent incident early Wednesday morning in which heavily-armed intruders stormed a border police outpost in Mae Hong Son and killed three policemen.

Gen. Surachet admitted that blaming the Third Region Command for its failure to effectively defend the Thai border is partially legitimate, but he said the rugged nature of the long border with Burma makes it impossible to close it completely.

Gen. Surachet gave firm assurance that any action against the DKBA would be "abrupt and decisive", but refused to go into detail.

AP, quoting border army sources who requested anonymity, said that about 50 DKBA men killed one Thai soldier yesterday and wounded a second in an attack on 60 troops near the Mae Samlap refugee camp in Mae Hong Son.

The sources, Thai soldiers in the area, said they called in reinforcements and four helicopter gunships and within 30 minutes had forced the Karen back into Burma. Authorities added about 700 men later yesterday to the 300 normally posted in the area.

Authorities also brought in about 800 soldiers yesterday to add to the 200 guarding the border in Tak Province.

Despite the Army's announcement that it was poised to strike back, senior Thai Army officials told THE NATION last night that a main obstacle to such an operation would be the DKBA's ability to quickly blend into Karen villages where there are elderly people, women and children.

Army Chief Wimon earlier said a harsh Thai counterattack might backfire "if shells hit children and women".

Wimon emphasized caution, but countering criticism that the Army had done little in response to the aggression, he hinted that certain secret operations have been carried out.

"We can't solve big national problems with anger, emotion or words. If we have to inform reporters of every move we make, there will be no time to act," he said.

Prime Minister Chuan Likphai yesterday reiterated that the Army is free to take whatever action it deems fit.

"A green light to counter-attack the intruders need not be granted. The green light is always there. This means the Army has absolute power to respond rationally to border violations," he said.

Gen. Surachet yesterday denied allegations that the border intrusions by the DKBA fighters and the abduction of KNU leaders could not have succeeded without the help of some of his subordinates.

He also announced the Army had located two sites in Tha Song Yang District of Tak Province which could provide a safe haven for about 7,000 Karen refugees, but said no decision has been made yet whether to relocate all 70,000 to one site.

He also echoed the Army's reluctance to allow the United Nations High Commission for Refugees to take over administration of Karen camps. He explained that UNHCR intervention would limit the Army's authority in dealing with the border situation.

The Foreign Ministry has a separate mission, to use diplomatic channels to settle the problem.

Foreign Minister Krasae Chanawong yesterday defended Thailand's policy of constructive engagement with Burma as the only way to win Rangoon's trust.

Krasae also warned that any response to the Burmese border incursions which generates further tension would be detrimental to the interests of both countries.

"What Burma needs most is for us to increase confidence-building measures," Krasae said. Constructive engagement is the most effective means of doing this and has as its goal a return to democracy in Burma, he added.

The minister was responding to a call by the House Committee for Foreign Affairs for the Government to abandon constructive engagement and persuade its ASEAN partners to bar Burma from the ASEAN annual meeting in Brunei in July.

The House committee's call came after three months of merciless military operations by Rangoon's forces against Gen. Bo Mya's border-based Karen National Union and Khun Sa's Muang Tai Army.

The operations triggered an influx of refugees into Thailand and led to repeated intrusions by Burmese government troops and their allies, the Democratic Karen Buddhist Army.

Three Thai border patrol police were killed in Mae Hong Son on Wednesday.

Krasae said excluding Burma from the 28th ASEAN Ministerial Meeting in Brunei in July as punishment would be counterproductive.

Burma attended the ASEAN annual meeting last year in Bangkok as the guest of Thailand.

Krasae said he needs all the facts the military can provide before he makes any decision about the border intrusions.

The House of Representatives briefly addressed the border issue yesterday but finally suspended an urgent motion by New Aspiration MP Krit Kongphet who wanted immediate parliamentary debate.

BOT Issues Regulations on Derivatives Trading

BK0505091495 Bangkok THE NATION in English 5 May 95 pp B1, B3

[Report by Charuwan Loetwinyu]

[FBIS Transcribed Text] The Bank of Thailand yesterday moved to tighten controls on commercial bank forays into the derivatives business by announcing five new regulations with a special emphasis on leveraged derivatives or multiple risk derivatives.

Thirachai Phuwanatnaranuban, the central bank's director of Financial Institutions Supervision and Development Department, stressed that monetary authorities do not support commercial bank buying or selling of leveraged contracts.

As of November, 1994, financial institutions held an estimated Bt [baht] 9 billion in leveraged contracts, which is not high in terms of volume, Thirachai added.

If massive loss ever occurred it would involve "tens of millions of baht only," he noted.

"The rules announced yesterday aren't likely to affect any financial institutions. Rather, it is a precautionary measure against future incidents," Thirachai said.

Derivatives, which are financial assets with value derived from other financial assets, have been discussed a great deal lately following the collapse of 233-year old Barings Bank of the UK. To curb derivative trading activity, the Bank of Thailand has issued five rules for commercial banks to follow.

First, commercial banks should avoid buying any leveraged contracts. If this is unavoidable, bank traders must make sure that high-ranking bank executives fully understand the risks involved in the contract. The bank should also have a proper risk management system in place.

Second, commercial banks must report any involvement in leveraged contracts to the Bank of Thailand. Photocopies of every contract must be submitted to the Supervision and Development Department within 30 days at the end of the month when the deal is completed.

For deals begun before the announcement, commercial banks must report all deals by May 17, 1995. If a commercial bank is not sure if a deal involves leveraged contracts, it can ask the department for help.

Third, commercial banks must estimate the value of their leveraged contracts by marking them at market price at the end of the trading day. A report of either profit or loss must be submitted to the Bank of Thailand within 30 days of the end of the month when the deal is signed.

In cases where there is no market benchmark, either commercial banks or their contract partners must estimate the price and submit it with a letter of confirmation.

For contracts signed before the new rules were issued, banks must report an estimated market value by May 17, 1995.

Fourth, commercial banks must book leveraged contracts according to the cost or the market price, whichever is lower. If a bank faces a loss, it must be noted in the profit-loss account of that particular fiscal period.

Fifth, commercial banks have to evaluate worst-case scenarios and report them to the Bank of Thailand on a monthly basis. They are expected to identify potential profits and losses.

Yesterday's statement is in accordance with the central bank's policy to tighten control over commercial bank use of derivatives to hedge risks. In March, the Bank of Thailand circulated a letter asking all commercial banks to submit risk management reports by May.

Thirachai said the central bank has started receiving the reports and scrutinizing how each commercial bank manages risk.

He reiterated that the mandatory report to the Bank of Thailand will help bank executives realize the risks they face and enable the central bank to monitor the risk management and supervision systems of each bank.

Thirachai said the guidelines issued yesterday were taken from the Bank for International Settlements (BIS) in Switzerland. The guidelines suggest that financial institutions maintain strong internal controls on derivatives and risk management should be the responsibility of an institution's board of directors.

Furthermore, institutions should create reporting systems to measure derivative risk, look at credit risk, market risk, operational risk and legal risk. Institutions that operate derivative businesses should set limits for acceptable risk. Finally, institutions should constantly evaluate risk monitoring systems and risk levels.

Vietnam

Commentary Calls on Clinton To Normalize Ties

BK0405112795 Hanoi Voice of Vietnam in English 1000 GMT 4 May 95

[Station commentary]

[FBIS Transcribed Text] Celebrations of the 20th anniversary of the liberation of South Vietnam have been held in all parts of the country. Vietnam is striving to promote the process of normalization of relations with the United States. Last week, Prime Minister Vo Van Kiet said it was the best time for the United States and Vietnam to normalize diplomatic as well as economic and trade relations. On this issue, our editor has this to say:

Analysts feel from now till the end of the year is the best time for President Bill Clinton to make an important decision to normalize relations with Vietnam. If it is not done by the end of the year, when the American presidential election campaign starts, [words indistinct] President Clinton would not make any decision about Vietnam because there remains some factions of the Republican Party opposed to the normalization of the Vietnam-U.S. relations.

At this current moment, the former U.S. Defense Secretary Robert McNamara, in his memoirs, said the U.S. made a serious mistake in pursuing the war in Vietnam. General Vo Nguyen Giap of Vietnam, who commanded a successful campaign against the French in 1954 and the United States in 1975, said the confession was late but it was true and courageous. He highly appreciated this courageous move.

Vietnam organized celebrations for the victory over the United States with the streamers and slogans hanged along the streets without any anti-American contents. Vietnamese Prime Minister Vo Van Kiet said Vietnam had no intentions to dredge up hatred and enmity. He called for the establishment of the full diplomatic and trade ties between Vietnam and the United States.

U.S. investment in Vietnam has increased remarkedly since President Bill Clinton lifted the trade embargo against Vietnam and established official relations through the setting up of liaison offices in the two countries last January. Now the United States ranks eighth among investors in Vietnam with 31 projects capitalized at $517 million. For this very reason, it is assessed that this is the best time for Vietnam and the United States to normalize relations. In fact, the path of diplomatic relation between the two countries was almost solved in late 1978. Vietnamese Deputy Foreign Minister Le Mai, who contributed to the policy making of the Vietnamese Government toward the United States since 1976, said in an interview with the Reuter correspondent that at the time, Vietnam and the United States nearly reached an agreement, but then the tide was upturned when President Jimmy Carter made another decision. Today, President Clinton has a good opportunity to make the same decision concerning relations with Vietnam. Will he miss the chance?

Report on POW Dispatch To Former USSR Cited

BK0405112395 Hanoi Voice of Vietnam in English 1000 GMT 4 May 95

[FBIS Transcribed Text] A draft report released in Washington recently by the U.S.-Russia Committee for POW-MIA [Prisoner of War-Missing in Action] said that there is no reliable evidence to affirm that the American prisoners of the Vietnam War were transferred to the former Soviet Union. The draft report was signed by representatives of the U.S. and Russian Governments in the U.S. Senate on 2 May before next week talks between Russian President Yeltsin and U.S. President Clinton.

Radio Reports on Le Duc Anh's Visit to Kuwait

BK0305145495 Hanoi Voice of Vietnam in English 1000 GMT 3 May 95

[Station commentary]

[FBIS Transcribed Text] Talks were held on Tuesday between the Vietnamese President Le Duc Anh and the Kuwaiti sultan during the president's official visit to Kuwait. Our editor has more to say:

It is the first official visit to Kuwait by a Vietnamese president. The Kuwaiti Government welcomes the Vietnamese president with highest state formalities. The prime minister, the parliament speaker, the foreign minister, and other officials of Kuwait were present at the airport to welcome President Le Duc Anh and his entourage. On Monday evening the Vietnamese leader was feted by the Kuwaiti Sultan al-Sabah.

During talks on Tuesday, President Le Duc Anh thanked the Kuwaiti Government and people for the precious support and assistance they reserved for Vietnam during the resistance war for national independence in the past and for the present national reconstruction period.

Kuwait established diplomatic relations with Vietnam in 1976 and was the third among the six Gulf states that recognized the Vietnam unification. Economically, the Kuwaiti Government has helped Vietnam with $60 million for construction of irrigation projects at Van Dinh, Dau Tieng, and Ga Yun Ha. The country has recently offered another $16 million for two more irrigation projects. The Kuwait Foundation has granted loans to Vietnam at preferential interest rates.

President Le Duc Anh said: Vietnam attaches great importance to the development of friendship and cooperation with Kuwait, and would like to strengthen ties in economy, trade, culture, science, and technology in the interests of both countries. The Kuwaiti sultan considered the visit of President Le Duc Anh a landmark of development in bilateral ties. He believed that after this visit, the two sides would further strengthen cooperation in various fields. President Le Duc Anh invited the Kuwaiti leader to visit Vietnam. The Vietnamese delegation called at the Museum of Gulf War and visited cultural and economic establishments in the Kuwait's capital.

Foreign Minister Meets Kuwaiti Counterpart

BK0505095395 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 4 May 95

[FBIS Translated Text] While accompany President Le Duc Anh on his recent official visit to Kuwait, Foreign Minister Nguyen Manh Cam held talks with Prince Sabah al-Ahmad al-Sabah, Kuwait's first deputy prime minister and foreign minister, at the Kuwaiti Council of Ministers Office on 3 May.

The Kuwaiti first deputy prime minister and foreign minister spoke highly of President Le Duc Anh's visit to Kuwait, regarding it as an event opening up a new stage in the friendly and cooperative relations between the two countries.

The two ministers concentrated on exchanging views on measures aimed at carrying out the various guidelines and goals for cooperation already agreed upon between President Le Duc Anh and Kuwaiti Amir Jabir al-Ahmad al-Sabah. Both sides agreed to intensify the implementation of various economic and trade agreements signed earlier in this visit, to undertake various cooperation projects in the area of water conservation, and to promote direct contacts between the economic organs and companies of the two countries. The two ministers also agreed on the need to strengthen cooperative relations between the two Foreign Ministries and to establish diplomatic missions at the ambassadorial level promptly in the two countries to accelerate all-around relations between Vietnam and Kuwait.

Deputy Prime Minister and Foreign Minister Sabah al-Ahmad al-Sabah accepted Foreign Minister Nguyen Manh Cam's invitation to visit Vietnam soon.

Cooperation Agreement With Kuwait Signed

BK0305151695 Hanoi VNA in English 1419 GMT 3 May 95

[FBIS Transcribed Text] Hanoi VNA May 3—A framework agreement on economic, scientific and technical cooperation and a trade agreement between Vietnam and Kuwait were signed this morning in Kuwait City.

Signatories were Le Van Triet, minister of commerce of Vietnam and Habib Hasan Jawhar Hayat, minister of public works and housing affairs and the minister of industry and commerce of Kuwait.

The signing was made during an official visit to Kuwait by Vietnamese President Le Duc Anh who this morning visited the Shuaiba petro-chemical industry complex , the biggest oil refinery of Kuwait, 50 km south of Kuwait City. In the evening of May 2 the Vietnamese president called at the Kuwait Fund.

Le Duc Anh's Visit to Syria Previewed

BK0405150295 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 4 May 95

[Unattributed essay in connection with "SRV President Le Duc Anh's 4-7 May 1995 visit to Syria"]

[FBIS Translated Excerpt] [Passage omitted on geographical, historical, and economic data of Syria] Syria established diplomatic ties with Vietnam at the ambassadorial level in 1966. Over the years, the cooperative and friendly relations between the two countries have been constantly consolidated and developed. Particularly, many trade agreements and protocols have been signed under which Vietnam will export rice, rubber, and other kinds of goods to Syria. Meanwhile, Syria, will export cotton and woolen yarn, and raw tobacco to Vietnam. In addition to barter trade, the two sides have also cooperated in education and training.

This visit of President Le Duc Anh to the Syrian Arab Republic is a new landmark in bilateral ties as it will spur increased cooperation.

Commentary Hails Visit

BK0505110895 Hanoi Voice of Vietnam in English 1000 GMT 4 May 95

[Station commentary]

[FBIS Transcribed Text] Vietnam's President Le Duc Anh is now in Syria after his visit to Kuwait. Our radio editor looks at the president's Middle East tour:

This is the highest level visit by Vietnam to Syria, a country in the Middle East with the population of 12 million. The country is rich in oil and gas. Every year, Syria extracts 14 million tonnes of oil and per capital GNP [Gross National Product] is $12,000. However, people in this country have never been at peace. Wars have dominated the minds of the Syrian people.

However, the Syrian people have a great sentiment toward the Vietnamese people. Vietnam, particularly, received the support and assistance from Syria in the war era, including medicine and medical equipment worth more than $3 million. The Vietnamese people are very grateful to the Syrian people for the warm sentiment and assistance.

Through this visit, President Le Duc Anh wants to affirm the Vietnamese people's desire to promote the friendship and cooperation with Syria and expand the lateral relations in economic, trade, and cultural forms. He also affirms the Vietnamese people's full support of the peace process in the Middle East.

Though Vietnam and Syria established diplomatic relations back in 1966, trade relations between the two countries remain modest. This visit by President Le Duc Anh will contribute to developing bilateral relations, thus helping national reconstruction in each country.

Foreign Firms Urged To Hire Local Builders

BK0305154395 Hanoi VIETNAM INVESTMENT REVIEW in English 17-23 Apr 95 p 3

[Report by Le Minh Quan]

[FBIS Transcribed Text] The Government is pressing foreign firms to contract more services from local construction and engineering companies, according to a circular on the management of foreign invested construction and engineering companies, according to a circular on the management of foreign invested construction projects and foreign contractors

Circular 08/CSXD, signed last week by Construction Minister Ngo Xuan Loc, rules that "for construction projects carried out under business cooperation or joint-venture contracts, the selected foreign engineering consultant firm has to cooperate by means of contract with a local engineering company to carry out the design of that construction project".

It further states that foreign firms "can only bring into Vietnam supervisors, engineers or other expertise that Vietnam cannot supply".

"If we do not put forward such a provision, we cannot guarantee they (foreign engineering firms) will fully understand the need to match their blueprint with our existing architectural heritage," Phan Dinh Dai, director of the Policy Department under the Ministry of Construction, said.

"We have to make sure that our architects are not useless and redundant," Dai said.

Michael Payne, General Manager for Australian construction firm Transfield said that while the provision may expand the total design cost, foreign investors will have a better product as well as assurances that the blueprint will pass quickly through the bureaucratic system.

Real estate developers have been anxious to cash in on the growing outside interest in Vietnam and some have ignored needs to preserve the local architectural environment. One example is the 11-storey PDD office block which looms over the French-built municipality building which now belongs to the Ho Chi Minh People's Committee.

Prime Minister Vo Van Kiet had to intervene to settle the issue. The building, a joint venture between the Norfolk Development Group and the General Design and Planning Research Institute sparked public outrage and demands that the building's top five floors be removed.

Field surveys will now rest only with Vietnamese companies, according to the circular, "except in the case where local expertise and equipment cannot satisfy the contractors' needs".

Part of the reason for the ruling, Dai said, was that the Government wanted to have "better control on access on information and data that may involve security and military elements".

"We introduce this to better monitor their tax liabilities. There are cases where only the main contractors pay tax and other sub-contractors do not," Dai said.

Bidding to select contractors for foreign-invested projects must be held in Vietnam, according to the circular. While this would have little effect on foreign companies, it could enable local firms, which are often subject to strict financial and administrative constraints, to compete.

Selected foreign contractors, including those who handle specific tasks of field surveys, design engineering construction management and installation "must apply for a permit", the circular said. This permit would be valid only for a particular project and if the contractor later won another contract it would have to apply for a new one.

Payne said that while the circular has an element of protectionism, other clauses such as the prerequisite that foreign bidders have an annual turnover of US$20 million "do strengthen the market".

"Those criteria will eliminate the risks posed by firms that are not suitably capitalised," Payne said.

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